



Risk-based Audit Plan 2016-2019

**Internal Audit Directorate
March 11, 2016**

FOREWORD

This document contains the final draft three-year Risk-based Audit Plan from 2016-17 to 2018-19 for Fisheries and Oceans Canada.

This Plan is presented to the Departmental Audit Committee for review and recommendation for approval by the Deputy Minister. In addition, the Plan will be updated as required based on an assessment of current risks and therefore, further changes may occur, and the timing or scope of some engagements may change. These adjustments and changes required to the Plan will be presented to the Departmental Audit Committee for recommendation to the Deputy Minister for approval.

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1.0 INTRODUCTION

Fisheries and Oceans Canada's Internal Audit Directorate plays an important role in supporting the Department's operations by providing assurance and consulting services in relation to all important aspects of departmental strategies, systems, practices and management control frameworks consisting of governance, risk management, and internal controls. Where control weaknesses exist and where the achievement of Fisheries and Oceans Canada's objectives may be at risk, the Internal Audit Directorate plays a role in providing constructive insight and recommendations for the strengthening of departmental operations. In this way, the Internal Audit Directorate contributes to enhanced departmental accountability and performance.

The Government of Canada's Standards for the professional practice of internal audit are based on the International Standards for the Professional Practice of Internal Audit prescribed by the Institute of Internal Auditors. The Standards stipulate that the role of internal audit is to provide assurance that the system of internal control is adequate and effective to manage risk at a level that is acceptable to management.

The internal audit function in the federal government is guided by the 2012 Treasury Board (TB) *Policy on Internal Audit*. The objective of this policy is to contribute to the improvement of public sector management by ensuring a strong, credible, effective and sustainable internal audit function within departments as well as government-wide. The expected results of the *Policy on Internal Audit* include the following:

- Deputy heads are effectively supported in their role of accounting officer by a strong, credible internal auditing regime that contributes directly to sound risk management, control and governance; and is independent from line management.
- Deputy heads are provided with independent assurance from internal audit, and advice from the Audit Committee, regarding the effectiveness of risk management, control and governance processes, at the departmental level and the Comptroller General is provided with the same at the government-wide level.

In line with the TB *Policy on Internal Audit* and supporting *TB Directive on Internal Auditing in the Government of Canada*, the main objectives of the internal audit function and the Chief Audit Executive include:

- Providing independent, objective assurance to senior management on the adequacy and effectiveness of risk management, control, and governance processes within the Department.
- Establishing and updating at least annually a multi-year plan of internal audit engagements based on a risk assessment and which is focused predominantly on the provision of assurance services.
- Coordinating internal auditing activities and plans with other assurance providers to minimize duplication of effort and demands on departmental management.
- Communicating the plan of engagements and resource requirements for the internal audit function, including any variances to this plan and the impact of resource limitations to the Deputy Head and the Audit Committee.
- Ensuring that internal audit resources are appropriate and effectively deployed to achieve the approved plan.
- Ensuring the timely completion of internal audit engagements, including horizontal audits led by the Comptroller General.
- Ensuring that internal audit engagement reports are provided to the Audit Committee in a timely manner.

- Reporting to the Audit Committee on whether management's action plans have been implemented.
- Ensuring that internal auditors have appropriate professional qualifications and skills and opportunities to maintain and develop their internal auditing competence.
- Developing and maintaining a quality assurance and improvement program that covers all aspects of the internal audit function and continuously monitoring its effectiveness, including ensuring that a practice inspection of the internal audit function is conducted at least every five years, by a qualified independent reviewer competent in the professional practice of internal auditing and the external assessment process.
- Ensuring that the Internal Auditing Standards for the Government of Canada are followed.
- Providing an annual report to the Deputy Head and the Departmental Audit Committee.

This three-year Risk-based Audit Plan is a key component of a rigorous audit regime delivered by qualified audit professionals that contributes to the effectiveness of governance, risk management and internal controls over the delivery of Fisheries and Oceans Canada's programs and corporate activities.

1.1 BACKGROUND

The development of the Risk-based Audit Plan is consistent with the requirements of the Treasury Board *Policy on Internal Audit*, and the Plan is based on an assessment of risks that could adversely affect Fisheries and Oceans Canada. A collaborative and consultative approach has been used to identify and assess the most significant risks faced by the Department. This included the consultation of several internal and external sources of information as well as consultations with all Departmental Management Committee members.

In developing the Risk-based Audit Plan for 2016-2019, the Internal Audit Directorate took into consideration the economic environment in which the Department is operating and the transformational changes it is implementing, including the revised priorities identified in the Minister's Mandate Letter issued in November 2015.

The Plan also reflects the planned government-wide horizontal internal audits by the Office of the Comptroller General and other external assurance service providers. Lastly, while engagement priorities are established at the beginning of the fiscal year, a number of factors may lead to adjustments to the Plan throughout the year. These adjustments and any other changes required will be presented to the Departmental Audit Committee and Deputy Minister for approval. This Plan is an evergreen document.

1.2 PURPOSE

This document, developed by the Internal Audit Directorate, outlines the Risk-based Audit Plan for Fisheries and Oceans Canada. The Risk-based Audit Plan has been designed with the objective of:

- identifying the priorities of the internal audit activity based on an assessment of risk and potential exposure that may affect Fisheries and Oceans Canada entities' ability to accomplish their objectives;
- coordinating activities with external assurance service providers and ensuring that government-wide audits led by the Comptroller General are taken into account to ensure proper coverage and minimize duplication of effort;
- ensuring the provision of services that are predominantly assurance-based; and

- allocating internal audit resources to those areas that represent the highest risk and significance and ensuring that sufficient work is completed to support an annual overview report of aggregated findings.

This Plan is risk-based and, as such, is designed to ensure that audit resources are allocated to those areas that represent the highest risk and significance to the organization. This approach is paramount to ensure that our services will be of greatest benefit to the organization. It provides the Deputy Minister, the Departmental Management Committee and the Departmental Audit Committee with a detailed schedule of planned activities for 2016-17 and an overview of potential areas for audit engagements for the following two years.

This Plan includes the following sections:

- Internal Audit Directorate (**Section 2**)
- Approach/Methodology (**Section 3**)
- Audit Plan Summary (**Section 4**)
- Audit Resources (**Section 5**)
- Summary of Audit Coverage (**Section 6**)

1.3 FISHERIES AND OCEANS CANADA

Fisheries and Oceans Canada is responsible for developing and implementing policies and programs in support of Canada's scientific, ecological, social and economic interests in oceans and freshwaters. The Canadian Coast Guard, a Special Operating Agency within Fisheries and Oceans Canada, is responsible for services and programs that contribute to the safety, security and accessibility of Canada's waterways. The Canadian Coast Guard also contributes to the objectives of other government organizations through the provision of a civilian fleet and a broadly distributed shore-based infrastructure.

Fisheries and Oceans Canada is a national and international leader in marine safety and in the management of oceans and freshwater resources. Departmental activities and presence on Canadian waters help to ensure the safe movement of people and goods. As an economic and sustainable development department, the Department integrates environment, economic and social perspectives to ensure Canada's oceans and freshwater resources benefit this generation and those to come.

The Department's guiding legislation includes the *Fisheries Act*, which confers responsibility to the Minister for the management of fisheries, habitat and aquaculture and the *Oceans Act*, which charges the Minister with leading oceans management and providing Canadian Coast Guard and hydrographic services on behalf of the Government of Canada. The Department also shares, with Environment Canada and Parks Canada, responsibility for the *Species at Risk Act*, which charges the Minister with the responsibilities associated with the management of aquatic species at risk in Canada.

2.0 INTERNAL AUDIT DIRECTORATE

2.1 ORGANIZATION

The Department's internal audit activity is led by the Chief Audit Executive who reports directly to the Deputy Minister. The Chief Audit Executive is responsible for establishing a multi-year Risk-based Audit Plan consistent with the Department's objectives and priorities, and for maintaining a quality assurance and improvement program to monitor the Internal Audit Directorate's effectiveness. The Chief Audit Executive is also responsible for ensuring internal audit resources are professionally qualified and appropriately trained. In addition, the Chief Audit Executive communicates relevant information, including internal audit findings, to senior management, the Departmental Audit Committee, the Deputy Minister and, as appropriate, the Office of the Comptroller General.

The Internal Audit Directorate consists of two distinct but complementary functions namely Internal Audit Services and Professional Practices, led by a senior director and a director respectively, both reporting to the Chief Audit Executive. The Internal Audit Services function is responsible for providing assurance and consulting services while the Professional Practices function supports the internal audit activity and is responsible for the quality assurance and improvement program, external audit liaison services and the Departmental Audit Committee secretariat.

2.2 DEPARTMENTAL AUDIT COMMITTEE

The Departmental Audit Committee is an essential part of the Department's governance structure and of the audit regime established by the *TB Policy on Internal Audit*. The Departmental Audit Committee provides the Deputy Minister with independent, objective advice, guidance and assurance on the adequacy of the Department's risk management, controls, governance processes and audit capacity.

In order to fulfill its role, the Departmental Audit Committee is responsible to review a number of documents prepared by the Internal Audit Directorate, and to recommend their approval to the Deputy Minister. These documents include:

- a departmental internal audit charter;
- the multi-year Risk-based Audit Plan; and
- internal audit reports and corresponding management action plans to address recommendations.

In addition, the Departmental Audit Committee is responsible to:

- review regular reports on progress against the Risk-based Audit Plan;
- provide advice to the Deputy Head on the sufficiency of resources of the internal audit function;
- monitor and assess the performance of the internal audit function;
- provide advice to the Deputy Head on the recruitment and appointment, as well as on the performance, of the Chief Audit Executive; and
- ensure they are made aware of internal audit engagements or tasks that do not result in a report to the Committee, and be informed of all matters of significance arising from such work.

The Departmental Audit Committee is composed of the Deputy Minister, the Associate Deputy Minister and three external members. The Committee is chaired by one external member. In

addition, the Commissioner of the Canadian Coast Guard, the Chief Financial Officer, the Senior General Counsel, the Assistant Deputy Minister Human Resources & Corporates Services and the Chief Audit Executive are permanent observers of the Departmental Audit Committee.

2.3 RESOURCES

The total budget (salary, operations and maintenance funding) of the Internal Audit Directorate for fiscal year 2016-17 will be approximately \$2.5 million. With the planned staffing actions, it is anticipated that the internal audit function will be delivered through 23 full-time equivalents in 2016-17.

2.4 INTERNAL AUDIT SERVICES

Internal audit takes a disciplined, evidence-based approach to provide assurance that key systems and processes are appropriately designed and are functioning as intended. As a complement to its assurance role, and within its sphere of expertise, the Internal Audit Directorate also provides consulting services.

This Risk-based Audit Plan factors in the needs for consulting services to best support management while maintaining Internal Audit's objectivity.

Sections 2.4.1 and 2.4.2 describe the various assurance and consulting services provided by the Internal Audit Directorate.

2.4.1 Assurance Services (Internal Audits and Reviews)

Internal Audits

An internal audit provides an objective examination of evidence for the purpose of providing an independent assessment of governance, risk management, and control processes within the organization. Audits may include financial, performance, compliance, system security, and due diligence engagements.

Reviews

A review is an assessment of a process or a program designed to provide a lower level of assurance and to be completed in a shorter period of time than an audit, so that results could serve as an early indicator to management of areas of concern within the process or program.

2.4.2 Consulting Services

Continuous Auditing

Continuous auditing (also known as "Technology-assisted auditing") is a methodology which can assist the Internal Audit Directorate operate more effectively and efficiently. Continuous auditing could be used as a stand-alone project or at the beginning of each engagement to assist the audit team in understanding the audit entity, identifying high-risk areas, and developing the engagement scope and objective(s).

Readiness Assessment

A readiness assessment is performed to objectively assess management's state of preparedness against a set of objective criteria. As such, it is sometimes called a pre-audit.

Process Mapping

The purpose of process mapping is to conduct a detailed analysis of each aspect of a program and identify key control points. This will assist management in ensuring that they have controls in place to mitigate potential risks. This technique could be used in the context of a stand-alone project or during the planning phase of an internal audit engagement.

Control Self-Assessment

A control self-assessment is a technique that allows managers and work teams directly involved in business units, functions or processes to participate in assessing the organization's risk management and control processes. Internal Audit's role would be to facilitate the session and provide a summary result report at the end of the session. In its various formats, a control self-assessment session can cover objectives, risks, controls and processes. A control self-assessment session normally results in concrete, useable action plans to better manage risks and capitalize on opportunities.

Advice and Other Professional Services

On occasion, the Internal Audit Directorate could provide other advice to senior management. Providing such advice and support will depend on resource availability.

2.5 Professional Practices

2.5.1 Liaison with the Office of the Comptroller General and participation in their Horizontal Internal Audits

As outlined in the Treasury Board *Policy on Internal Audit*, the Internal Audit Directorate must consider government-wide audits led by the Comptroller General when developing the Risk-based Audit Plan. Horizontal audits planned by the Office of the Comptroller General were taken into account in the 2016-2019 Risk-based Audit Plan.

The Office of the Comptroller General has adopted a collaborative approach in conducting horizontal internal audits by sharing the work between the Office of the Comptroller General and the Internal Audit groups in departments. When conducting a horizontal audit in large departments and agencies, the Office of the Comptroller General performs the planning of the audit and prepares the audit work programs including the steps to take for documentation review and interview questionnaires. The Office of the Comptroller General then requires the Internal Audit Directorate of the participating departments to provide audit resources (normally one or two) to complete the examination phase and provide fact sheets to the Office of the Comptroller General within a 12-week window. The Office of the Comptroller General may assist the Internal Audit Directorate staff in the field to ensure consistency in the way the work is being carried out across large departments and agencies. Each department may decide to expand the scope of a horizontal audit to address matters of significance specific to their department.

2.5.2 Liaison with the Office of the Auditor General and other External Assurance Providers

The Internal Audit Directorate's management of liaison activities with the Office of the Auditor General, the Office of the Comptroller General, and other external assurance providers helps ensure that the activities of the Department are represented accurately, fairly and in a balanced manner. Various activities are carried out to ensure positive working relationships and effective coordination of all external audit work. Specifically, this includes providing assistance to departmental officials throughout the conduct of audits, negotiating acceptable timeframes for providing requested material, as well as collaborating with others when validating the factual content of audit reports and preparing departmental responses.

In addition, ministerial responses to petitioners with regards to environmental petitions are coordinated with the appropriate Agency/Sectors.

2.5.3 Follow-up on Management Action Plans

The Internal Audit Directorate actively and vigorously monitors and reports on the implementation of approved Management Action Plans to address internal audit recommendations, as well as recommendations stemming from external audits performed by the Office of the Auditor General and other external assurance providers. As part of the follow-up process, the Internal Audit Directorate requests updates from management, assesses and validates corrective measures that have been taken and determines whether the actions carried out are appropriate.

The Internal Audit Directorate has a strong follow-up process. Status updates are requested on a semi-annual basis from the auditees and a summary is presented at the Departmental Audit Committee meeting for approval. The process also involves assessing the risks associated with delays in implementation. When the implementation of a Management Action Plan is delayed, the representative from the relevant Agency/Sector is required to attend the Departmental Audit Committee meeting to explain the reasons for the delays and to request an extension.

When there is a high risk that the corrective actions may not be completed as reported by the auditee, the Internal Audit Directorate may conduct a more comprehensive follow-up audit. Follow-up audit reports are tabled and approved at the Departmental Audit Committee and posted on the Directorate intranet site and provided to the Office of the Comptroller General, as for regular internal audit engagements.

2.5.4 Support to the Departmental Audit Committee

The Internal Audit Directorate provides administrative and logistical support to the Departmental Audit Committee members in order to coordinate and organize the quarterly meetings. This includes the preparation of the Committee meeting agenda, and the collecting and assembling of meeting material into electronic binders for submission to Departmental Audit Committee members two weeks in advance of each meeting. The Internal Audit Directorate also provides support for the preparation of the Departmental Audit Committee Annual Work Plan and Report.

2.5.5 Quality Assurance and Improvement Program

Pursuant to the Treasury Board *Policy on Internal Audit*, the Government of Canada adopted the *Institute of the Internal Auditors International Professional Practices Framework* and the

International Standards for the Professional Practice of Internal Audit as part of the Government of Canada Internal Audit Standards. As part of the Standards, the Chief Audit Executive is responsible to develop and maintain a quality assurance and improvement program, including the conduct of an external quality assessment of the internal audit function at least every five years.

The quality assurance and improvement program activities also include an internal quality assessment of all phases of an audit. To complement its quality assessment activities at the audit engagement level, the Directorate performs annual internal assessments at the audit function level. The last assessment was performed during Summer 2015 in preparation of the external practice inspection.

The Internal Audit Directorate had a practice inspection conducted during the Fall of 2015. Consequently, the IA Activity was found to be Generally Conforming to the requirements of the *TB Policy on Internal Audit* and the associated Directive, the Government of Canada IA Standards and the IIA Standards.

3.0 APPROACH/METHODOLOGY

3.1 AUDIT UNIVERSE

The Department's activities are organized under three strategic outcomes:

- Economically Prosperous Maritime Sectors and Fisheries;
- Sustainable Aquatic Ecosystems; and
- Safe and Secure Waters.

Supported by scientific excellence, modern and efficient corporate functions and a versatile Coast Guard fleet, these strategic outcomes form the basis for organizing, planning and reporting on the Department's programs and services.

These strategic outcomes are the basis of the Department's Program Alignment Architecture for 2015-16. The Program Alignment Architecture is an inventory of all the programs and activities undertaken by the Department. The Program Alignment Architecture was a major input into the definition of the audit universe. The audit universe, which forms the basis for selecting areas to audit, defines the potential scope of the internal audit activity and is comprised of major auditable units that may be subject to audit. It is the starting point of the Risk-based Audit Plan.

3.2 CORPORATE RISK PROFILE

The Risk-based Audit Plan takes into consideration the Corporate Risk Profile for Fisheries and Oceans Canada. The Corporate Risk Profile consists of: identification, assessment and prioritization of key corporate risks; assignment of senior management accountabilities for mitigation; and identification of additional mitigation strategies.

3.3 PLANNING PROCESS

This Plan represents an update of the Risk-based Audit Plan for 2015-2018 that was supported by the Departmental Audit Committee and approved by the Deputy Minister in March 2015.

The Risk-based Audit Plan for 2016-2019 was developed in accordance with the Treasury Board *Policy on Internal Audit*. The procedures taken to develop the 2016-2019 Risk-based Audit Plan were based on the Office of the Comptroller General Practice guidebook entitled “Internal Audit Planning for Departments and Agencies” as well as best practices/areas of improvement found during last year’s update. Fisheries and Oceans Canada’s 2015-16 Program Alignment Architecture was used to develop the audit universe. This universe represents the inventory of auditable entities in the department organized by strategic outcome.

Building on last year’s assessment and process, the internal audit team undertook the following activities to identify high-risk areas and subsequently develop the Risk-based Audit Plan for 2016-2019:

- document review;
- extensive data analysis with a focus on financial and human resources data;
- consultation with senior management and the Departmental Audit Committee; and
- consultation with Internal Audit staff and management.

The following sub-sections describe in more details these steps.

3.3.1 Document Review

In order to update the Risk-based Audit Plan for 2016-19, the audit team undertook a review of relevant documents to identify potential areas of high risk. The following documents were consulted:

- Fisheries and Oceans Canada’s Program Alignment Architecture and program descriptions;
- Fisheries and Oceans Canada’s Corporate Risk Profile;
- Sectors’ Risk Profiles and Programs’ Business Plans;
- Fisheries and Oceans Canada’s Management Accountability Framework assessment;
- Fisheries and Oceans Canada’s Departmental Performance Report;
- Fisheries and Oceans Canada’s Report on Plans and Priorities;
- Fisheries and Oceans Canada’s Evaluation Plan;
- Fisheries and Oceans Canada’s Environmental Scan;
- Fisheries and Oceans Canada’s Internal Audit and Evaluation Reports;
- Audit Reports from external assurance providers; and
- Fisheries and Oceans Canada’s departmental priorities.

In addition, the audit team considered all commitments and priorities identified in the Minister’s Mandate Letter issued in November 2015, as well as the planned audit engagements from external assurance providers.

3.3.2 Data Analytics

This year, extensive human resource and financial data analysis was completed for each Audit Universe Entity (AUE) to identify potential areas of risk.

The analysis was derived from financial data extracted from the Management Reporting System and human resources data extracted from PeopleSoft by Human Resources Management Systems. The data included the three past fiscal years.

The objective of the analysis was to measure data-driven indicators that will support the risk-based audit planning process in the examination of financial and human resources risks for each of the AUE in the Departments. Currently, 21 financial indicators and 28 human resources indicators were defined in consultation with the Office of the Comptroller General. The indicators were consistently calculated for each AUE. An overall financial risk rating and an overall human resources risk rating were also calculated for each AUE.

This analysis helped identify areas of highest risks.

3.3.3 Consultation process

Consultations were held in September 2015 with the Deputy's Management Committee (DMC) members. They were asked to comment on the audits planned for 2016-17 and 2017-18 as per the previous Risk-based Audit Plan and to discuss any particular sources of risk to which their organization was exposed.

In addition, the external members of the Departmental Audit Committee were consulted through a conference call, and interviews were held with all DMC members, including Regional Directors General and Assistant Commissioner of the Canadian Coast Guard to discuss key risk areas.

3.3.4 Identification of Areas with High Risk

Building on last year's risk assessment and taking into consideration the information obtained through the document review, data analysis and consultation process, a preliminary list of potential audit engagements was presented to the Departmental Audit Committee Chair for discussion and comments in December 2015 and subsequently to the Departmental Audit Committee members in February 2016.

3.3.5 Priority Risk Assessment of the Auditable Entities

Using all the information collected and analysed through the consultation, data analysis and document review process, the audit team assessed the risk likelihood and impact associated with each auditable entity within the audit universe.

Taking into consideration the presence of risk factors and risk events, each entity was assigned a likelihood risk score. The audit team's knowledge of the controls in place (if any) was also used for assigning a score for each proposed audit's underlying entity.

Risk factors include:

- degree and recentness of change (e.g., changes to funding, personnel, new systems etc.);
- degree of complexity (e.g., complexity of the entity in terms of its business processes, accountability structure, regulatory, legal and policy frameworks);
- legislative or other compliance requirements (e.g., legal requirements and their impact should they not be met);
- degree of dependencies (e.g., dependence on other groups or stakeholders).

3.3.6 Finalization of the Plan

A Three-Year Plan was developed taking into consideration the following elements:

- high risk areas;
- resource requirements and availability;
- other factors, such as: management priorities, planned evaluations, etc.; and
- the need for the right balance between assurance and consulting services.

The Three-Year Plan was presented for discussion at the Directors General - Management Committee meeting and the Deputy's Management Committee meeting in January and February 2016 respectively. A conference call with the Departmental Audit Committee members was also held in February 2016. Following these sessions some adjustments were made, and the final version of the Three-Year Audit Plan is provided in Section 4.

3.4 APPROVAL OF THE RISK-BASED AUDIT PLAN

The Risk-based Audit Plan is formally updated by the Internal Audit Directorate on an annual basis, reviewed by the Departmental Audit Committee and recommended for approval to the Deputy Minister.

3.5 MONITORING OF THE RISK-BASED AUDIT PLAN

The implementation of the Risk-based Audit Plan will be monitored on a regular basis throughout the year and regular status updates will be provided to the Departmental Audit Committee.

If/when changes to the Risk-based Audit Plan are deemed necessary; the Internal Audit Directorate ensures that the principles of the audit planning process are observed and that all resulting decisions are well documented. By following a rigorous process, the Internal Audit Directorate can ensure that new decisions are being made in a consistent and timely manner. As mentioned previously, the Plan may be updated to address changes. These adjustments required to the Plan will be presented to the Departmental Audit Committee for recommendation to the Deputy Minister for approval.

4.0 AUDIT PLAN SUMMARY

4.1 2016-17 to 2018-19 PLANNED AUDIT WORK

This section outlines the Risk-based Audit Plan for 2016-2019 and the proposed assurance and consulting engagements for the next three years. The engagements will employ audit assurance and consulting services that will evaluate the systems of internal control in relation to established criteria.

For year one of the Plan, preliminary audit objectives and scope, as well as resource requirements have been identified. In addition, prior to commencing each proposed engagement, a more detailed risk assessment will be performed to refine the proposed scope and objective to help ensure it addresses the most significant risks. For years two and three of the Plan, only areas of risk are described. Given the constant evolution of the operating and risk environment, audit project realignment based on a Fisheries and Oceans Canada updated risk

assessment is expected at the next Risk-based Audit Plan update. Preliminary audit objectives and scope as well as resources requirement will be determined at that point.

It should be noted that this Plan is not a budget document and any indication of resource estimates are included only as a reference to the expected level of effort required to complete the engagements identified in the Plan. While it is estimated that the proposed Plan can be accomplished within the budgeted resources (salary, operations and maintenance) allocated for the Internal Audit Directorate, the reader is cautioned that retention levels and recruitment efforts may affect the progress against the Plan in the next three-year period. The Internal Audit Directorate may have to supplement with contracted resources as required.

The table, starting on the next page, summarizes the proposed audit engagements for 2016-2019.

FISCAL YEAR 2016-17

New Projects to be initiated and completed in 2016-17

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline (Starting Quarter)	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
Internal Services	Occupational Health and Safety (OHS)	Assurance	Audit Report	High	People Management Management of Policy and Programs Management of Service Delivery	Physical Infrastructure Maintenance Program Delivery Hazard and Crisis	Q4	325	0	\$20,000

Background and Engagement Specific Risks

Promoting safe working conditions is a key component of health and safety in the work place. The Canada Labour Code (CLC) - Part II Occupational Health and Safety and its body of Regulations and all applicable Treasury Board of Canada Secretariat Directives, Standards, Procedures, Guides and Advisory Notices set out requirements intended to ensure that the Health and Safety, at work, of every person employed by the employer is protected. Establishing and maintaining a comprehensive Occupational Health and Safety program is essential for the Department's compliance with these regulations.

Occupational Health and Safety has been identified as a high risk area by DFO sectors and the Canadian Coast Guard. Although elements of the Occupational Health and Safety were covered in the Internal Audit of the Management of Occupational Health and Safety and Physical Security in Laboratories, the overall Departmental Occupational Health and Safety program has never been audited in the past. This audit would complement the recently completed Internal Audit of the Management of Occupational Health and Safety and Physical Security in Laboratories.

In addition, a comprehensive Review of Safety, Security and Emergency Management was completed in 2015. As a result, Occupational Health and Safety was identified as one of the top five risks for the Department. Furthermore, the audit of Laboratories revealed that formal requirements of the occupational health and safety program were not always being met, as a result of gaps in the existing governance structure and in the guidance being provided.

Preliminary Audit Objective

The proposed preliminary objective for this audit is to provide assurance that the Department's Occupational Health and Safety policies and procedures are aligned with federal legislation and government-wide requirements; and that controls over the OHS Program is contributing to a safe and healthy working environment for DFO and CCG personnel.

Preliminary Audit Scope

It is proposed that the scope of the audit include the adequacy and effectiveness of the management framework in place to support alignment with relevant provisions of the *Canada Labour Code, Part II, the Canada Occupational Health and Safety Regulations* as well as relevant Treasury Board and departmental policies. The scope will also include an assessment of the adequacy and effectiveness of the controls and measures in place to support the implementation of the OHS Program.

Based on the risk assessment to be undertaken during the audit's planning phase, it may include the integration of the OHS Program in the Department's management and business decision-making process; the overall monitoring of the OHS Program; the measures taken to ensure the Department's OHS policies, procedures and responsibilities are communicated, documented and understood; the fulfillment of information sharing responsibilities to employees to promote a healthy and safe work environment; and the adequacy of training.

FISCAL YEAR 2016-17

New Projects to be Initiated and completed in 2016-17

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline (Starting Quarter)	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
All	Partnerships and Collaborative Arrangements with Other Government Departments and External Groups	Assurance	Audit Report	High	Governance and Strategic Management Leadership and Strategic Direction Management of Policy and Programs Management of Service Delivery	Program Delivery Information for Decision Making Physical Infrastructure Maintenance Departmental Asset Base Legal Challenges	Q2	300	0	\$10,000

Background and Engagement Specific Risks

A number of programs have identified risks related to partnerships and third-party reliance in their business plans. As part of the 2016-2017 Corporate Risk Profile, the reliance on third parties is identified as an important risk driver for a number of corporate risks such as, but not limited to, Program Delivery, Information For Decision Making, and Fleet, Harbours, Land-Based, And Other Asset Risks. This includes the reliance on third party sources for scientific advice which creates uncertainty with respect to the availability of information, the fact that data collected by third parties may not be verified for accuracy by DFO, complex relationships with stakeholders and clients including Indigenous groups, the reliance on a range of suppliers, contractors and third parties to support the delivery of programs, the reliance on funds leveraged from external parties, and the reliance on third parties with competing priorities for procurement of assets. Concerns have also been raised over the processes used to engage in and manage some funding arrangements. New governance arrangements have been put in place for collaborative agreements under the Department's directive on collaborative arrangements. In addition, it was noted during the consultation with DMC members that the processes for collaborative agreements are being reviewed to incorporate Memorandum of Understanding requirements as part of a streamlining process.

Preliminary Audit Objective

The proposed preliminary objective for this audit is to provide reasonable assurance that an adequate and effective management control framework is in place for managing collaborative arrangements between the Department and other Government Departments and External Groups.

Preliminary Audit Scope

It is proposed that the scope of the audit include:

- An assessment of the adequacy and effectiveness of the management control framework in place to manage DFO's and CCG's collaborative arrangements with other Government Departments and External Groups, including monitoring the execution of those arrangements; and
- An assessment of the measures in place to identify and mitigate potential risks stemming from collaborative arrangements.

Based on the risk assessment to be undertaken during the audit's planning phase, the audit may include an assessment of the effectiveness of the Department's directive on collaborative arrangements, and its related processes.

Fiscal Year 2016-17

New Projects to be initiated and completed in 2016-17

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline (Starting Quarter)	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
Internal Services	Information Technology Security	Assurance	Audit Report	High	Results and Accountability Management of Service Delivery Financial and Asset Management	Program Delivery Hazard & Crisis Physical Infrastructure Maintenance Departmental Asset Base	Q1	300	\$80,000	0

Background and Engagement Specific Risks

Information Technology (IT) Security is a cornerstone to preserve the confidentiality, integrity, availability, intended use and value of information.

An Internal Audit of the Management of IT Security was conducted in 2011-12. The audit assessed the responsibilities for, and the management of, security of information technology within DFO, including the Canadian Coast Guard. Compliance to governmental policies and standards was also assessed. As a result, a number of areas requiring improvements were identified, such as IT organization, incident detection, IT Security monitoring and reporting, etc.

Document review and consultations with senior management revealed that there are important and increasing risks related to IT, cyber security and the maintenance of systems. Information Technology was identified as a weakness in the 2014-15 Management Accountability Framework results as DFO did not demonstrate that it has effective practices in place to manage IT risks associated with sustaining mission critical applications. Furthermore, DFO was identified as one of the departments with the highest rates of criminal cyber threats among the science-based/shared services. This poses a risk to the DFO network and IT infrastructure.

The Office of the Comptroller General (OCG) is currently in the reporting phase of the Audit of Information Technology Security in Large and Small Departments - Phase 1. The OCG is planning to launch a Phase II audit in 2016-17. The Department hasn't been scoped into phase I of the audit and is not expected to be included in phase II; however the audit team can leverage from the OCG experience and audit work to conduct its internal audit.

Preliminary Audit Objective

The proposed preliminary objective for this audit is to provide reasonable assurance that DFO, including the Canadian Coast Guard have an adequate and effective control framework in place to support information technology security.

Preliminary Audit Scope

It is proposed that the scope of the audit include:

- A follow-up on the 2011-12 Audit of the Management of Information Technology Security;
- An assessment as to the extent to which DFO, including the Canadian Coast Guard, have put in place an adequate and effective information technology security framework in support of departmental operation, and in compliance with relevant governmental and departmental policies and guidelines on IT security;
- An assessment of the adequacy and effectiveness of controls and mitigation strategies in place to address threats related to cyber security; and
- An assessment of the Department's relationship with external partners.

FISCAL YEAR 2016-17

New Projects to be Initiated and Completed in 2016-17

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline (Starting Quarter)	Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
Sustainable Aquaculture Program	Canadian Shellfish Sanitation Program	Assurance	Audit Report	High	Governance and Strategic Management, Results and Accountability, Management of Policy and Program	Program Risk Delivery Legal Risk	Q1	250	0	\$5,000

Background and Engagement Specific Risks

The Canadian Shellfish Sanitation Program (CSSP) is a federal food safety program jointly administered by Fisheries and Oceans Canada (DFO), the Canadian Food Inspection Agency (CFIA) and Environment Canada (EC). The goal of the program is to protect Canadians from the health risks associated with the consumptions of contaminated bivalve molluscan shellfish (for example, mussels, oysters and clams). Under the CSSP, the Government of Canada implements controls to verify that only shellfish that meet food safety and quality standards reach domestic and international markets.

Program coordination is achieved through periodic CSSP Executive Steering Committee and Interdepartmental Shellfish Committee meetings at National Headquarters and Regional Interdepartmental Shellfish Committees in the Atlantic, Quebec and Pacific regions. These regional committees are composed of representatives from the CFIA, DFO, EC and appropriate provincial government departments.

The EFM sector identified the CSSP as an area of concern within their sector and has requested that an audit on this program be included in the audit plan. The audit could assist in identifying risk areas associated with the program, and assess the adequacy and effectiveness of the overall management of the program. The audit might include possible collaborative work with EC and CFIA.

Preliminary Audit Objective

The proposed preliminary objective for this audit is to assess the adequacy and effectiveness of controls in place to effectively manage the Canadian Shellfish Sanitation Program.

Preliminary Audit Scope

It is proposed that the scope of the audit include the following elements:

- Oversight and strategic direction;
- The adequacy and effectiveness of the steering committees in place;
- The adequacy and effectiveness of the communications between relevant stakeholders;
- The adequacy and effectiveness of the internal controls in place; and
- The effectiveness of reporting and monitoring mechanisms in place.

FISCAL YEAR 2016-17

New Projects to be initiated and completed in 2016-17

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline (Starting Quarter)	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
Internal Services	Management of Laboratories	Assurance	Audit Report	High	Management of Policy and Programs Management of Service Delivery Financial and Assets Management People Management	Physical Infrastructure Maintenance Departmental Asset Base Recruitment and Retention Specialized Recruitment Program Delivery	Q4	325	0	\$20,000

Background and Engagement Specific Risks

DFO Laboratories support critical functions of the department. Most of DFO's scientific operations occur within DFO scientific institutions located across the Regions. Science has a small presence in the NCR. The Management of Laboratories is an area of interest among science-based departments and is a topic that has not benefited from a full audit in the past. In addition, several departments have conducted audits of laboratories, focusing on different aspects such as compliance with identified federal government and industry standards and asset management.

An audit on the Management of Laboratories was initiated in 2015; however, during the planning phase of the audit and as a result of the Science 2016 Initiative ongoing at the time, the audit team acknowledged that the audit would be of better value if postponed to the following year. Subsequently, a preliminary survey report was prepared outlining risks observed during the planning phase of the audit. It is proposed that the audit on the Management Control Framework of Laboratories be initiated in 2016-17 once the Science 2016 Initiative has been fully implemented and enough time has passed to allow for an in-depth review of its effectiveness in addressing the risks identified in the preliminary survey. The audit will leverage the extensive work completed during the planning phase of the audit of Management of Occupation Health and Safety and Physical Security in Laboratories.

Preliminary Audit Objective

The proposed preliminary objective for this audit is to:

- Assess the adequacy and effectiveness of the management controls in place to manage and maintain laboratory facilities; and
- Assess the extent to which laboratory activities support the Department's program needs and those of its stakeholders.

Preliminary Audit Scope

It is proposed that the scope of the audit include the following elements:

- Oversight and Strategic direction;
- Partnerships and Collaborations;
- Strategic and operational planning; and
- Monitoring as it relates to the management of laboratories.

The Occupational Health and Safety component will be scoped out of the audit given the recently completed audit of the Management of Occupation Health and Safety and Physical Security in Laboratories. DFO's institutes, laboratories and experimental centres in the six operational regions will be included as appropriate.

FISCAL YEAR 2016-17

New Projects to be initiated and completed in 2016-17

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline (Starting Quarter)	Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
CCG	Oil Spills from Ships	Audit/Follow-up Assurance	Audit Report	High	Governance and Strategic Direction Leadership and Strategic Direction	Hazard and Crisis Environmental Impacts On Fisheries	Q3	250	0	\$10,000

Background and Engagement Specific Risks

The Commissioner of the Environment and Sustainable Development conducted an audit in 2010 on the Oil Spills from Ships. The audit examined whether Transport Canada, the Canadian Coast Guard, and Environment Canada had taken reasonable actions to prepare for and respond to pollution incidents caused by ship-source oil and chemical spills in Canada's Arctic, Pacific, and Atlantic Ocean waters, and the Gulf of St. Lawrence. Out of the nine recommendations included in the report, eight were directed to the Canadian Coast Guard.

In November 2013, the *Tanker Safety Expert Panel* issued the results of their review of Canada's Ship-Source Oil Spill - Phase I. The report included 45 recommendations for strengthening oil tanker safety. Later in September 2014, they issued the Phase II of their review where they concluded that there are opportunities to enhance Canada's prevention, preparedness and response requirements for the Arctic and hazardous and noxious substances to better protect the public and the environment. The Phase II Review included 25 recommendations for the Arctic, 17 recommendations for hazardous and noxious substances, and one recommendation applicable to both phases of their reviews. From these recommendations, 15 were explicitly addressed to DFO Canadian Hydrographic Services and CCG.

In July 2015, following the MV Marathassa Fuel spill event in English Bay, an independent review was conducted and a report including 25 recommendations was issued. The recommendations included in the report were deemed to improve the communications and operational protocols, standards, practices, actions, procedures, and directives that pertain to environmental response. The majority of the recommendations were addressed to the CCG.

The Minister's Mandate Letter issued in November 2015, indicated as part of its key priorities for the Department, the importance of protecting marine areas as well as monitoring contaminants and pollution in the oceans. This engagement will provide assurance to the Department that progress is being made in order to address these priorities.

Preliminary Audit Objective

The proposed preliminary objective for this audit is to provide reasonable assurance that adequate and effective controls have been put in place to prepare for and respond to pollution from ships in Canada's marine environment.

Preliminary Audit Scope

It is proposed that the scope of the audit include a follow-up on the recommendations addressed to CCG from the:

- Commissioner of the Environment and Sustainable Development Audit on the Oil Spills from Ships report;
- Tanker Safety Expert Panel reports; and
- Marathassa Independent Review.

The audit will also assess the extent to which controls/action plans have been put in place to address and implement the recommendations.

FIGURE 2016-17

New Projects to be Initiated and Completed in 2016-17

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
All	DFO's Governance and Accountability Structure	Assurance	Review Report	High	Governance and Strategic Direction	Program Delivery Information for Decision-Making	Q2 (Starting Quarter)	325	\$25,000	0

Background and Engagement Specific Risks

DFO is a complex, decentralized, highly operational department. The department has six regions and has the lead federal role in managing Canada's fisheries and safeguarding its waters. Furthermore, it encompasses a Special Operating Agency, the Canadian Coast Guard, which owns and operates the federal government's civilian fleet, and provides key maritime services to Canadians. The Canadian Coast Guard has three regions and helps DFO meet its responsibility to ensure safe and accessible waterways for Canadians.

The Department had had an internal review of the DFO Management model in 2006 which revealed areas for improvement with regards to, but not limited to, Integrated Management principles not being put into practice, unclear roles and responsibilities, etc. DFO has taken steps to address the issues; however recent audits revealed concerns related to the governance framework, including challenges between functional and administrative authorities and accountabilities.

Preliminary Audit Objective

The proposed preliminary objective for this audit is to assess the adequacy and effectiveness of DFO's governance framework to provide strategic direction and oversight of activities in support of the department.

Preliminary Audit Scope

It is proposed that the scope of the audit include the following elements:

- Oversight and Strategic direction (including the clarity of mandates and Roles and Responsibilities);
- Effectiveness of decision-making processes;
- Priority setting;
- Integrated business planning; and
- Distribution of accountabilities.

FISCAL YEAR 2017-18
New Projects to be Initiated in 2017-18

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Resource Requirements		
							Timeline (Starting Quarter)	Internal Resources (# Person-Days)	Consultant Cost
Internal Services	Inventory Management	Assurance	Audit Report	High	Financial and Asset Management Governance and Strategic Management	Physical Infrastructure Maintenance Departmental Asset Base Information for decision making	To be determined	To be determined	To be determined

Background and Engagement Specific Risks

Inventory Management has been identified as a high risk area by Departmental officials. Concerns with regards to the accuracy of the value of inventory materiality were reported. Furthermore, ownership and management of inventory and assets between departmental stakeholders were reported as unclear. The Chief Financial Officer (CFO) Sector demonstrated interest in including *inventory theft* within the scope of the audit.

An evaluation of the Asset Management Services was completed in February 2012. With support from the Canadian Coast Guard (CCG), the CFO Sector is leading the preparation of a management action plan for the Department to respond to the Asset Management Services Evaluation. Specifically, a departmental working group (CCG, CFO and Real Property) is reviewing Materiel Management practices in DFO, in response to the warehouse recommendation from the Asset Management Services Evaluation.

The audit and the use of technology-assisted auditing techniques could assist in identifying risk areas, control issues and discrepancies in financial information. The audit could provide assurance that the internal controls over inventory management are adequate to ensure process effectiveness, compliance with policies, and accuracy of financial information.

FISCAL YEAR 2017-18

New Projects to be Initiated in 2017-18

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline (Starting Quarter)	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
Internal Services	Real Property-Footprint Reduction	Assurance	Audit Report	High	Governance and Strategic Management	Infrastructure Maintenance Risk Information for Decision Making Program Delivery	To be determined	To be determined	To be determined	To be determined

Background and Engagement Specific Risks

Senior Departmental officials reported Real Property as a key risk area for the Department and demonstrated a high interest for an audit on this topic. Furthermore, a number of sectors requested that Footprint Reduction be assessed as part of an internal audit. Given the interrelation of Real Property and Footprint Reduction, it was decided to combine these two elements and include Footprint Reduction within the scope of the audit.

Effecting footprint reductions was identified as one of the controls in place to mitigate the Infrastructure Maintenance Risk identified in the 2016-17 Corporate Risk Profile. In addition, the Department committed in its 2015-16 Report on Plans and Priorities to continue implementing the multi-year departmental National Real Property Portfolio Strategy resulting in a more sustainable and efficient real property footprint. The implementation of the National Real Property Portfolio Strategy will create opportunities to reduce the footprint resulting from alignment of Real Property and Program needs.

The last DFO internal audit of Real Property was reported back in 2011. This audit could include an assessment of the Real Property governance structure and control framework as it relates to the National Real Property Portfolio Strategy/ Footprint Reduction, and follow-up on the internal audit conducted in 2011.

BUDGETARY YEAR 2017-18

New Projects to be Initiated in 2017-18

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline (Starting Quarter)	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
Internal Services	Physical Security	Assurance	Audit Report	High	Governance and Strategic Management Results and Accountability Financial and Asset Management People Management	Physical Infrastructure and Maintenance Hazard and Crisis Program Delivery Departmental Asset Base Information for Decision-Making	To be determined	To be determined	To be determined	To be determined

Background and Engagement Specific Risks

The *Policy on Government Security* promotes the effective management of security activities within departments. The expected results of application of the *Policy on Government Security* are that: information, assets and services are safeguarded from compromise; employees are safeguarded against workplace violence; governance structures are in place for the effective coordination for the management of security incidents; interoperability and information exchange based on security and identity management; and continuity of operations and services.

On behalf of the Deputy Minister, the Departmental Security Officer is responsible for developing and implementing a Departmental Security Program. It is essential for the Department to have a Departmental Security Program in place to address safety, security and emergency services. These services ensure the department is compliant at all times with the requirements of the *Canada Labour Code* and its body of Regulations, and all applicable Treasury Board Directives, Standards, Procedures, Guides and Advisory Notices.

The Department, including the Canadian Coast Guard, deliver their mandates from numerous buildings and assets across the country. The physical security of these facilities and assets is crucial. The department may face different threats because of the nature of its operations, its location and/or the attractiveness to its assets. A Safety, Security and Emergency Management Program Review was conducted in 2015, and as a consequence Physical Security was identified as one of the top five risks during the preliminary findings.

The audit could provide insight on the adequacy and effectiveness of DFO's physical security governance framework, controls and risk management practices.

FISCAL YEAR 2016-17

New Projects to be Initiated and completed in 2016-17

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline (Starting Quarter)	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
All	Recruitment, Retention and Succession Planning	Assurance	Audit Report	High	Governance and Strategic Management Results and Accountability People Management	Recruitment and retention risk Marine Sector and Other Specialized Professions Recruitment Risk Information for Decision-Making	To be determined	To be determined	To be determined	To be determined

Background and Engagement Specific Risks

Recruitment and retention was identified as a key risk by a number of sectors. This component is also one of the top 10 corporate risks for the Department.

The Department's workforce is rapidly ageing, the largest cohort being 50-54 year-olds. Furthermore, around one-third of the workforce will be eligible for retirement by 2019.

Senior officials reported that demographic analysis highlighted significant workforce risks, including retirement, employment equity and vacant positions. In addition, many positions are located in remote areas/smaller communities that have a smaller pool of labour.

Because of the Department's nature of work, a significant number of positions are highly specialized. As a result of ongoing pressures in recruiting for the marine sector and other specialized professions; there is a risk that the Department may not be able to recruit and retain a sufficient and representative workforce.

This audit could include an assessment of the Department's workforce planning to ensure that the right strategies are in place to attract and retain a productive and diverse workforce.

FISCAL YEAR 2017-18

New Projects to be Initiated in 2017-18

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline (Starting Quarter)	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
All	Environmental Assessment Process	Assurance	Audit Report	High	Leadership and Strategic Direction Governance and Strategic Management	Information for Decision-Making	To be determined	To be determined	To be determined	To be determined

Background and Engagement Specific Risks

The Minister's Mandate Letter issued in November 2015, indicated as part of its key priorities for the Department, the need to review Canada's environmental assessment processes and introduce new and fair processes.

An environmental assessment is a planning and decision-making tool. The overall objective of an environmental assessment is to minimize/avoid adverse environmental effects before they occur; and incorporate environmental factors into decision making. Environmental assessments can support better decision making and result in a number of benefits, such as opportunities for public participation and informed decisions that contribute to responsible development of natural resources.

In 2015, the Commissioner of the Environment and Sustainable Development (CESD) conducted an audit on the Implementation of Sustainable Development Strategies. The audit assessed the progress made by selected federal entities towards their 2011-12 Report on Plans and Priorities commitments to strengthen the application of the Cabinet directive, and assessed the Strategic Environmental Assessment practices of the selected federal entities and whether they are meeting the expectation of the Cabinet directive and its related guidelines. The results of this audit are planned to be reported in 2016. Given the results expected from this audit, Senior Departmental officials requested that a follow-up on the CESD audit be included in the audit plan to ensure an efficient and timely implementation of the recommendations.

This audit could provide assurance to the Department that progress is being made in order to address priorities included in the Minister's Mandate Letter, as well as to follow-up on the implementation of the recommendations resulting from the CESD audit.

The audit could include collaborative work with the Departments of Environment and Climate Change and Natural Resources given their respective roles in environmental assessments.

FISCAL YEAR 2017-18

New Projects to be Initiated in 2017-18

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline (Starting Quarter)	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
Environmental Response Services	Environmental Response Program	Assurance	Audit Report	High	Governance and Strategic Management Results and Accountability Management of Policy and Programs People Management	Hazard & crisis risk Program Delivery Marine Sector and Other Specialized Professions Recruitment	To be determined	To be determined	To be determined	To be determined

Background and Engagement Specific Risks

The Canadian Coast Guard (CCG) is the lead federal agency for managing the response to all ship-source and mystery pollution spills occurring into the marine environment in waters under Canadian jurisdiction and for the support of countries under international agreements.

Through the Environmental Response Program, CCG establishes an appropriate and nationally consistent level of preparedness and response service in Canadian waters; monitors and investigates all reports of marine pollution in Canada in conjunction with other federal departments; and maintains communications with the program's partners, including Transport Canada and Environment Canada, to ensure a consistent approach to the response to marine pollution incidents. The objectives of the Environmental Response Program are to minimize the environmental, economic and public safety impacts of marine pollution incidents.

The program's operational records are divided into two areas: preparedness and response. Information for preparedness purposes includes national, regional and area contingency plans, levels of service and service standards, joint contingency plans with countries that share contiguous waters with Canada, policies, directives, operational procedures, Memoranda of Understanding, letters of agreements, life cycle management systems and procedures for pollution countermeasures equipment, the conduct of training and national and international exercises and associated lessons learned reports. Information for response purposes includes marine pollution incident reports, Response Management System documentation, cost recovery documentation and lessons learned.

Legal basis and authority for the Environmental Response Services program is found in the *Oceans Act*, the *Canada Shipping Act, 2001*, the *Constitution Act, 1867* and, in virtue of an agreement with Transport Canada, the *Arctic Waters Pollution Prevention Act, 2001*.

CCG officials demonstrated great interest in this engagement and have requested that an audit of the Environmental Response Program be included in this three-year audit plan. The audit could assess the adequacy of the management control framework in place to deliver the Environmental Response Program and include a follow-up of the internal audit on the Environmental Response Services conducted in 2009-10.

FISCAL YEAR 2017-18

New Projects to be Initiated in 2017-18

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline (Starting Quarter)	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
Integrated Fisheries Management	Recreational Fisheries Conservation Partnerships Program	Assurance	Audit Report	High	Management of Policy and Programs Management of Service Delivery	Program Delivery Environmental Impact on Fisheries	To be determined	To be determined	To be determined	To be determined

Background and Engagement Specific Risks

Recreational fishing is an important activity in Canada, with approximately 3.3 million adult anglers contributing \$8.3 billion to local economies across the country each year. Managing Canada's recreational fisheries is a shared responsibility between federal, provincial and territorial governments.

The Recreational Fisheries Conservation Partnerships Program supports the Government's commitment to protect Canada's environment. The program was established in June 2013 to support multi-partner projects at the local level aimed at restoring recreational fisheries habitat in order to enhance the sustainability and productivity of Canada's recreational fisheries. Specifically, the program, through contribution funding, enables proponents to manage and execute projects that restore compromised and/or threatened recreational fisheries habitat.

The latest departmental Environmental Scan noted that the recreational sector is expected to continue to increase in both participation and economic benefit in the future. This may pose some risks, including the introduction and spread of aquatic invasive species through recreational boating.

The Recreational Fisheries Conservation Partnerships Program faces resource and capacity challenges to complete all 180 contribution agreements in advance of Treasury Board Secretariat timelines. Ecosystems and Fisheries Management Sector identified the creation of a national vision for recreational fisheries as an opportunity/challenge for the coming years. Consequently, Senior Departmental officials requested that an audit on this topic be included in the audit plan.

This audit could provide assurance that the departmental management control framework for recreational fisheries is in place, appropriate and functioning. Depending on next year's risk assessment and emerging issues, the audit could also be changed to Integrated Fisheries Management and therefore include recreational and commercial fisheries.

Fiscal Year 2018-19

New Projects to be initiated in 2018-19

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Resource Requirements			
							Timeline (Starting Quarter)	Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
Environmental Response Services	Incident Command System	Assurance	Audit Report	High	Management of Service Delivery	Program Delivery	To be determined	To be determined	To be determined	
Maritime Security					Management of Policy and Programs	Hazard and Crisis Information for Decision Making	To be determined	To be determined		

Background and Engagement Specific Risks

The 2016-17 Report on Plans and Priorities indicated that the department will continue to implement the Incident Command System (ICS) through the construction of a new National Situation Centre and the adoption of an ICS Information Management System. This will improve the Canadian Coast Guard's ability to manage responses to marine pollution incidents in collaboration with key emergency response partners. The use of this system will ensure that federal, provincial and First Nations partners with responsibilities and interests related to the operation are able to participate in decision-making, discussions, and planning. Coast Guard personnel from coast to coast will be trained in ICS, ensuring a trained and knowledgeable surge capacity in the event the Coast Guard is called upon to support a large and complex emergency.

The ICS is an emergency management system used for the command, control, and coordination of emergency response operations. It is a way to organize people, equipment, operations, and communications activities to more effectively manage emergencies. ICS can be used for all kinds of emergencies (ie. oil spills, floods, humanitarian, forest fires, etc.) and works equally well for both small and large complex incidents.

This audit could provide assurance that the Department has put measures in place to ensure an effective Incident Command System to effectively manage responses to emergency response operations.

Moreover, this engagement will support key priorities identified in the Minister's Mandate Letter issued in November 2015 in terms of protecting marine areas as well as monitoring contaminants and pollution in the oceans.

FISCAL YEAR 2018-19

New Projects to be Initiated in 2018-19

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline (Starting Quarter)	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
Fisheries Protection	Aquatic Invasive Species	Assurance	Audit Report	High	Leadership and Strategic Direction	Environmental Impacts on Fisheries	To be determined	To be determined	To be determined	To be determined
					Governance and Strategic Management	Program Delivery Recruitment and Retention				
					Management of Policy and Programs	Legal Challenges				

Background and Engagement Specific Risks

The Department of Fisheries and Oceans Canada (DFO) has the lead federal role in managing Canada's fisheries and safeguarding its waters. DFO must balance the interests of all resource users (Aboriginal, commercial and recreational) for access to fully subscribed fisheries while supporting conservation and sustainable development and taking into account the interests of provinces, territories, Indigenous groups, fisheries and environmental organizations and the general public.

As part of the Canadian Action Plan to Address the Threat of Aquatic Invasive Species, the Fisheries Protection program is developing new regulatory tools to prevent the introduction of aquatic invasive species, detect new invaders early, respond rapidly to new invaders, and, where necessary, manage established and spreading invaders. Once brought into force, the program will work with federal, provincial and territorial partners to administer and enforce the regulations. The administration of regulations will be supported by ongoing scientific studies, including research on pathways of invasion, methodologies to detect new invasions, risk assessments and control measures.

Senior Departmental Officials reported concerns with the Aquatic Invasive Species Program and requested that an audit be included in the three-year audit plan. They indicated that should invasive species successfully colonize in Canadian waters, the Department would be unable to respond directly and would have to rely on partners (provinces) to respond. Other concerns reported were the over-Reliance on Partnerships, the limited capacity to deliver the program and the governance structure.

The audit could assess the governance structure and control framework in place to ensure the program is functioning as intended and in compliance with relevant policies and directives. Moreover, the audit could cover key priorities identified in the 2015 Minister's Mandate Letter in terms of relationship with Indigenous Peoples.

FISCAL YEAR 2018-19

New Projects to be Initiated in 2018-19

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline (Starting Quarter)	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
Compliance and Enforcement	Compliance and Enforcement	Assurance	Audit Report	High	Governance and Strategic Management Management of Policy and Programs Management of Service Delivery	Legal Challenges Program Delivery Recruitment and Retention Environmental Impact on Fisheries Hazard and Crisis	To be determined	To be determined	To be determined	To be determined

Background and Engagement Specific Risks

The Compliance and Enforcement Program ensures the conservation and sustainable use of Canada's aquatic resources and the protection of species at risk, fish habitat, and oceans. The program is delivered through a regulatory management and enforcement approach, and uses a number of tools to achieve its goals, including promoting compliance with legislation, regulations and management measures through education and shared stewardship: monitoring, control, and surveillance activities; and the management of major cases and special investigations. The National Fisheries Intelligence Service, and the Program and Operational Readiness sub-programs support the carrying out of enforcement operations.

Senior Departmental officials reported that the National Fisheries Intelligence Service had undergone significant reductions, challenges and changes in last years. In addition, a number of risks related to Compliance and Enforcement were reported such as human resources and financial capacity, crisis management capability, information technology infrastructure, as well as misalignment with and ability to meet stakeholder expectations.

The audit could assess the management control framework supporting compliance and enforcement activities (including procedures, tools, risk management activities, guidance and educational activities) as well as enforcement actions by Departmental staff (a sample of enforcement actions could be examined to ensure that policies and procedures are followed).

FISCAL YEAR 2018-19

New Projects to be Initiated in 2018-19

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline (Starting Quarter)	Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
Internal Services	Information Management / Information Technology (IM/IT)	Assurance	Audit Report	High	Leadership and Strategic Direction Governance and Strategic Management Information Management Management of Service Delivery	Information for Decision-Making Program Delivery Infrastructure Maintenance Departmental Asset	To be determined	To be determined	To be determined	To be determined

Background and Engagement Specific Risks

Information Management is a key risk for the Department. Senior Departmental Officials reported concerns with the management of information in particular with the fact that there is no consistent way to manage data across the department and limited ability to access historical data for current purposes and as part of succession planning. In addition, issues with Information Technology were identified by several sectors and regions as impacting program and service delivery. Challenges in aligning information technology and information management were reported including inconsistent storage and transmission of electronic information. Moreover, the change of service delivery model to Shared Services Canada has had an impact on information management efforts.

Senior Departmental Officials also reported that the Department is not yet compliant with the Treasury Board Secretariat *Directive on Recordkeeping*. A new IM/IT governance body has recently been created to ensure IM/IT activities undertaken are prioritized and aligned with business needs.

The 2014-15 MAF assessment found that the Department did not demonstrate that it had effective practices in place to manage IT risks associated with sustaining mission critical applications. In addition, the fact that the Canadian Coast Guard currently maintains its own IT infrastructure creates additional complexities to the DFO IT infrastructure.

The audit could assess the governance framework in place to ensure that adequate and effective controls and risk management practices are in place to support IM/IT activities. The audit could also include a follow-up on the Office of the Comptroller General's 2015-16 Audit of Information Management and the Office of the Privacy Commissioner's 2015-16 Audit of Privacy and Portable Storage Devices to assess whether the recommendations were properly addressed.

FISCAL YEAR 2018-19

New Projects to be Initiated in 2018-19

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline (Starting Quarter)	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
Internal Services	Staffing	Assurance	Audit Report	High	Leadership and Strategic Direction Governance and Strategic Management Public Sector Values	Recruitment and Retention Risk Marine Sector and other Specialized Professions Recruitment Risk Program Delivery Risk	To be determined	To be determined	To be determined	To be determined

Background and Engagement Specific Risks

The Public Service Commission's Appointment Policy was revised in April 2016. Consequently, under the *Public Service Employment Act*, responsibility for various aspects of employment has moved from the Public Service Commission to Treasury Board (TB). At the same time new provisions in the Act are changing the way human resources are managed in government. Both of these events are causing a ripple effect on employment policy. As a result, the TB is considering regulations and policies in four affected policy areas: the definition of promotion, deployment, rate of pay on appointment and appointment level.

Senior Departmental Officials reported concerns with staffing and with the recent changes announced by the Public Service Commission, and therefore requested that an audit on this topic be included in the three-year audit plan.

This audit could assess the governance framework in place to ensure that adequate and effective controls and monitoring processes are in place to support staffing activities as well as ensure that the department is well prepared and has a strategy in place to address changes announced by the Public Service Commission.

FISCAL YEAR 2018-19

New Projects to be Initiated in 2018-19

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline (Starting Quarter)	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
Aboriginal Strategies and Governance	Aboriginal Contribution Management Framework	Assurance	Audit Report	High	Governance and Strategic Management Management of Policy and Programs People Management Results and Accountability	Program Delivery Environmental Impact on Fisheries Legal Challenges	To be determined	To be determined	To be determined	To be determined

Background and Engagement Specific Risks

In 2009-10, the Internal Audit Directorate audited two aboriginal contribution programs and found weaknesses in the management control framework. More specifically, areas for improvement were identified with respect to the definition and communication of roles and responsibilities of the program staff, the adequacy of the risk management strategy, and the adequacy and communication of recipient audit/financial monitoring procedures and directives to staff. In response to these audit findings and related recommendations, the program developed and implemented the Aboriginal Integrated Contribution Management Framework. While the program no longer calls the framework an integrated framework, elements of that framework have remained and are still in use.

The failure to renew the Aboriginal contribution programming, which includes the Atlantic Commercial Integrated Fisheries Initiative and the Pacific Commercial Integrated Fisheries Initiative, was identified as one of the key risks by Senior Departmental Officials. Other concerns were also reported, in particular the completion of the Aboriginal consultation processes within specified timelines and with current resources.

This audit could assess key elements of the Aboriginal Contribution Management Framework and governance arrangements in place to ensure they are adequate and effective in ensuring compliance with relevant policies and directives. The audit could also review the weaknesses identified in the 2009-10 audits and assess whether they have been appropriately addressed. Finally, this audit could cover key priorities identified in the 2015 Minister's Mandate Letter in terms of relationship with Indigenous Peoples.

Fiscal Year 2018-19

New Projects to be Initiated in 2018-19

PAA	Engagement	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline (Starting Quarter)	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
Marine Navigation Marine Communications and Traffic Services Maritime Security	Icebreaking Services	Assurance	Audit Report	High	Governance and Strategic Management Management of Service Delivery	Fleet, Harbours, and Other Assets Hazard and Crisis Marine Sector and Other Specialized Professions Recruitment Legal Challenges	To be determined	To be determined	To be determined	To be determined

Background and Engagement Specific Risks

The Canadian Coast Guard (CCG) provides icebreaking services for commercial ships, ferries and fishing vessels in ice-covered Canadian waters, including vessel escorts, harbour breakouts, maintaining shipping routes and providing ice information services. These services ensure safe navigation, prevent the formation of ice jams and flooding, and maintain open routes for maritime commerce.

CCG Ice Operations Centres are in operation during the ice seasons for 24 hours a day, and are staffed with professional Ships Officers who have experience in the operation of icebreakers and ships in ice. The Ice Operations Centres are in contact with icebreakers at all times and maintain contact with shipping via CCG Marine Communications and Traffic Service Centres. CCG officials revealed concerns with Icebreaking Services and requested that an audit on this topic be included in the three-year audit plan. In addition, the Commissioner of the Environment and Sustainable Development (CESD) conducted an audit on Marine Navigation in the Canadian Arctic in 2014 and reported a number of issues, in particular, the CCG not being able to meet repeated requests by industry to support an extended icebreaking season.

The audit could provide insight on the adequacy and effectiveness of the icebreaking services governance framework, controls and risk management practices. The audit could also follow-up on the implementation of the recommendations resulting from the CESD audit.

5.0 AUDIT RESOURCES

5.1 SUMMARY OF RESOURCE AVAILABILITY AND CAPACITY

In 2016-17, the internal audit function will be delivered through 20 full-time equivalents (forecast utilization). The following table summarizes the planned resources utilization for 2016-17 by activity:

Planned Resources Utilization for 2016-17	Full-Time Equivalent - Estimates *
Internal Audit (Assurance and Consulting Engagements) as per Risk-based Audit Plan	12.74
Corporate Activities	0.87
Risk-based Audit Plan	0.79
Quality Assurance and Improvement Program	1.20
External Liaison	0.61
Support to Departmental Audit Committee	0.49
Human Resources, Finances, Administrative and Support Services	0.12
Strategic Corporate Planning and Reporting	0.91
Branch Management	0.57
Data Analytics	0.19
Language Training	1.03
Total	19.52

In preparing the Risk-based Audit Plan, an estimate of total resource capacity available was determined and used for scheduling audits. Taking into account the budget available for internal resources, a total of approximately 1,665 person-days of capacity for 13 auditors to conduct actual audit engagements was estimated for 2016-17. This is direct audit project time.

Resource capacity was determined taking into consideration the current staffing level and planned staffing actions. That being said, it should be noted that with the planned staffing actions, it is anticipated that the internal audit function will be eventually delivered through 23 FTEs.

** The numbers presented are estimated.*

5.2 STATEMENT ON THE ADEQUACY OF RESOURCES

Planned Audit work for fiscal year 2016-17, summarizes the estimated internal resources, contractor and travel costs required for each audit in 2016-17. The number of internal resources person-days estimated to perform the planned engagements for 2016-17 is 1,665. All 1,665 will be dedicated to assurance and consulting engagements.

The resource needs are adequately covered by the Internal Audit Directorate's full-time equivalents while allowance is made for management action plan follow-up activities, liaison with the Office of the Auditor General and other central agencies, support to the Departmental Audit Committee, quality assurance and improvement program, professional

practices, administrative support, leave and training. Should the Internal Audit Directorate budget in future years remain comparable, it is expected that resources will be adequate for 2017-18 and 2018-19.

In addition, the Internal Audit Directorate possesses the knowledge and competency required to carry out the audit engagements included in the Risk-based Audit Plan. The majority of the Internal Audit Directorate Staff possess a Certified Internal Auditor (CIA), Certified Government Auditing Professionals (CGAP), Certification in Risk Management Assurance (CRMA) and/or Certified Information Systems Auditor (CISA) designation. In addition, several employees have experience and received training in the use of Audit Command Language (ACL), a data analysis software. Several employees have accounting designations and some have a Certified Fraud Examiner (CFE) certification. Although the Internal Audit Directorate possesses a broad competency categories, in the case where a specific expertise is required and not available in-house, internal audit resources may be supplemented by external resources as required.

6.0 SUMMARY OF AUDIT COVERAGE

APPENDIX A - COVERAGE OF PROGRAM ALIGNMENT ARCHITECTURE

Appendix A summarizes audit coverage of the audit universe by Program Activity.

APPENDIX B - COVERAGE OF DEPARTMENTAL PRIORITIES

Appendix B summarizes recent and on-going external audits.

APPENDIX C - COVERAGE OF DEPARTMENTAL PRIORITIES

Appendix C summarizes audit coverage of the departmental priorities. Some audit engagements address more than one departmental priority.

APPENDIX D - COVERAGE BY AGENCY/SECTOR

Appendix D summarizes audit coverage by Sector/Agency.

7.0 APPROVALS

The Risk-based Audit Plan was presented at the Departmental Audit Committee on March 11, 2016. The Plan was recommended for approval by the Departmental Audit Committee and approved by the Deputy Minister.

APPENDIX A – COVERAGE BY PROGRAM ALIGNMENT ARCHITECTURE

COVERAGE	PROGRAM ACTIVITIES
2016-2017	
Audit of Occupational Health and Safety	Internal Services
Audit of Partnerships and Collaborative Arrangements with Other Government Departments and External Groups	All / International Engagement
Audit of Information Technology Security	Internal Services
Audit of the Canadian Shellfish Sanitation Program	Sustainable Aquaculture Program / Fisheries Protection
Audit on the Management of Laboratories	Internal Services
Audit on the Oil Spills from Ships	Environmental Response Services / Maritime Security / Oceans Forecasting
Review of DFO's Governance and Accountability Structure	All
2017-2018	
Audit of Real Property/ Footprint Reduction	Internal Services
Audit of Physical Security	Internal Services
Audit of the Environmental Response Program	Environmental Response Services
Audit of the Environmental Assessment Process	All
Audit of Recruitment, Retention and Succession Planning	All
Audit of Inventory Management	Internal Services
Audit of the Recreational Fisheries Conservation Partnerships Program	Integrated Fisheries Management
2018-2019	
Audit of Compliance and Enforcement	Compliance and Enforcement
Audit of Information Management / Information Technology Management	Internal Services
Audit of the Incident Command System	Environmental Response Services / Maritime Security
Audit of the Aboriginal Contribution Management Framework	Aboriginal Strategies and Governance
Audit of the Aquatic Invasive Species	Fisheries Protection
Audit of the Icebreaking Services	Marine Navigation / Marine Communication and Traffic Services / Maritime Security
Audit of Staffing	Internal Services

APPENDIX B – RECENT AND ONGOING EXTERNAL AUDITS

Office of the Comptroller General - Horizontal Audits	
Audit Title	Tentative Tabling Date
Horizontal Internal Audit of Information Management	June 2016

Audit of the Office of the Auditor General / Commissioner of the Environment and Sustainable Development	
Audit Title	Tentative Tabling Date
Performance Audit on Sustaining Canada's Major Fish Stocks	October 4, 2016
Annual Audit of the Consolidated Financial Statements of the Government of Canada	TBD
Management of Fraud Risks	Spring 2017
Performance Audit of Aquaculture	Fall 2017

Office of the Privacy Commissioner of Canada	
Audit Title	Tentative Tabling Date
Review of the personal information handling practices related to the operationalization of Security of Canada Information Sharing Act	TBD

APPENDIX C – COVERAGE OF DEPARTMENTAL PRIORITIES

Fisheries and Oceans Canada Priorities	Planned Audit Engagements
1. Improving fisheries and aquaculture management and outcomes, and enabling access to export markets for Canadian fish and seafood, through concrete reforms informed by sound science as well as stakeholder and Aboriginal engagement.	<ul style="list-style-type: none"> • Partnerships and Collaborative Arrangements with Other Government Departments and External Groups • Management of Laboratories • Canadian Shellfish Sanitation Program • Recreational Fisheries Conservation Partnership Program • Compliance and Enforcement • Aboriginal Contribution Management Framework • Aquatic Invasive Species
2. Renewing Canadian Coast Guard Assets and Service Delivery	<ul style="list-style-type: none"> • Oil spills from Ships • Incident Command System • Environmental Response Program • Recruitment, Retention and Succession Planning • Inventory Management • Icebreaking Services
3. Supporting sustainable resource development through sound science, policy and program changes, and modernized regulatory frameworks.	<ul style="list-style-type: none"> • Partnerships and Collaborative Arrangements with Other Government Departments and External Groups • Management of Laboratories • Canadian Shellfish Sanitation Program • Environmental Response Program • Environmental Assessment Process • Recreational Fisheries Conservation Partnership Program • Aboriginal Contribution Management Framework • Aquatic Invasive Species

Fisheries and Oceans Canada Priorities	Planned Audit Engagements
<p>4. Advancing management and operational excellence to modernize and continue to improve the design and delivery of programs and services.</p>	<ul style="list-style-type: none"> • Occupational Health and Safety • Partnerships and Collaborative Arrangements with Other Government Departments and External Groups • Information Technology Security • Management of Laboratories • Oil spills from Ships • DFO's Governance and Accountability Structure • Canadian Shellfish Sanitation Program • Real Property / Footprint Reduction Initiative • Physical Security • Environmental Response Program • Environmental Assessment Process • Recruitment, Retention and Succession Planning • Inventory Management • Recreational Fisheries Conservation Partnership Program • Information Management / Information Technology Management • Incident Command System • Icebreaking Services

APPENDIX D – COVERAGE BY AGENCY/SECTOR

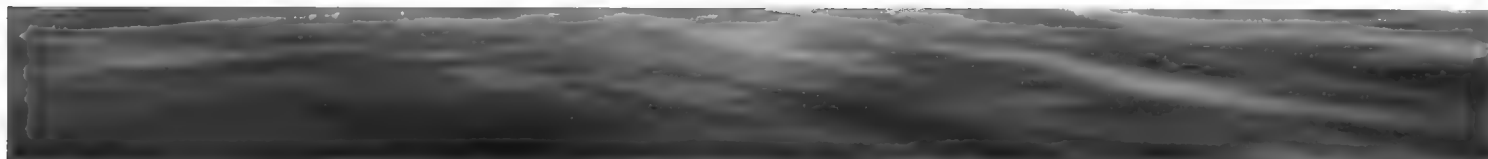
Audit Coverage by Agency/Sector			
Agency/Sectors	2016-17	2017-18	2018-19
Canadian Coast Guard	1	1	2
Ecosystems and Fisheries Management	1	1	3
Ecosystems and Oceans Science	1		
Strategic Policy		1	
Chief Financial Officer		1	
Human Resources and Corporate Services	2	2	2
All Sectors	2	1	
Total	7 (7 projects)	7 (7 projects)	7 (7 projects)



Fisheries and Oceans
Canada

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Internal Audit Directorate

Risk-Based Audit Plan 2017-2020

March 10, 2017

Canada

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FOREWORD

This document contains the final draft three-year Risk-Based Audit Plan from 2017-18 to 2019-20 for Fisheries and Oceans Canada.

This Plan is presented to the Departmental Audit Committee for review and recommendation for approval by the Deputy Minister. In addition, the Plan will be updated as required based on an assessment of current risks and therefore, further changes may occur, and the timing or scope of some engagements may change. These adjustments and changes required to the Plan will be presented to the Departmental Audit Committee for recommendation to the Deputy Minister for approval.

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1.0 - INTRODUCTION

Fisheries and Oceans Canada is responsible for developing and implementing policies and programs in support of Canada's scientific, ecological, social and economic interests in oceans and freshwaters. The Canadian Coast Guard, a Special Operating Agency within Fisheries and Oceans Canada, is responsible for services and programs that contribute to the safety, security and accessibility of Canada's waterways. The Canadian Coast Guard also contributes to the objectives of other government organizations through the provision of a civilian fleet and a broadly distributed shore-based infrastructure.

The Department's guiding legislation includes the *Fisheries Act*, which confers responsibility to the Minister for the management of fisheries, habitat and aquaculture and the *Oceans Act*, which charges the Minister with leading oceans management and providing Canadian Coast Guard and hydrographic services on behalf of the Government of Canada. The Department also shares, with Environment Canada and Parks Canada, responsibility for the *Species at Risk Act*, which charges the Minister with the responsibilities associated with the management of aquatic species at risk in Canada.

Fisheries and Oceans Canada's Internal Audit Directorate plays an important role in supporting the Department's operations by providing assurance and consulting services in relation to all important aspects of departmental strategies, systems, practices and management control frameworks consisting of governance, risk management, and internal controls. Where control weaknesses exist and where the achievement of Fisheries and Oceans Canada's objectives may be at risk, the Internal Audit Directorate plays a role in providing constructive insight and recommendations for the strengthening of departmental operations. In this way, the Internal Audit Directorate contributes to enhanced departmental accountability and performance.

The Government of Canada's Standards for the professional practice of internal audit are based on the International Standards for the Professional Practice of Internal Audit prescribed by the Institute of Internal Auditors. The Standards stipulate that the role of internal audit is to provide assurance that the system of internal control is adequate and effective to manage risk at a level that is acceptable to management.

The internal audit function in the federal government is guided by the 2012 Treasury Board (TB) *Policy on Internal Audit*. The objective of this policy is to contribute to the improvement of public sector management by ensuring a strong, credible, effective and sustainable internal audit function within departments as well as government-wide. The expected results of the *Policy on Internal Audit* include the following:

- Deputy heads are effectively supported in their role of accounting officer by a strong, credible internal auditing regime that contributes directly to sound risk management, control and governance; and is independent from line management.
- Deputy heads are provided with independent assurance from internal audit, and advice from the Audit Committee, regarding the effectiveness of risk management, control and governance processes, at the departmental level and the Comptroller General is provided with the same at the government-wide level.

In line with the TB *Policy on Internal Audit* and supporting TB *Directive on Internal Auditing in the Government of Canada*, the main objectives of the internal audit function and the Chief Audit Executive include:

- Providing independent, objective assurance to senior management on the adequacy and effectiveness of risk management, control, and governance processes within the Department.
- Establishing and updating at least annually a multi-year plan of internal audit engagements based on a risk assessment and which is focused predominantly on the provision of assurance services.
- Coordinating internal auditing activities and plans with other assurance providers to minimize duplication of effort and demands on departmental management.
- Communicating the plan of engagements and resource requirements for the internal audit function, including any variances to this plan and the impact of resource limitations to the Deputy Head and the Audit Committee.
- Ensuring that internal audit resources are appropriate and effectively deployed to achieve the approved plan.
- Ensuring the timely completion of internal audit engagements, including horizontal audits led by the Comptroller General.
- Ensuring that internal audit engagement reports are provided to the Audit Committee in a timely manner.
- Reporting to the Audit Committee on whether management's action plans have been implemented.
- Ensuring that internal auditors have appropriate professional qualifications and skills and opportunities to maintain and develop their internal auditing competence.
- Developing and maintaining a quality assurance and improvement program that covers all aspects of the internal audit function and continuously monitoring its effectiveness, including ensuring that a practice inspection of the internal audit function is conducted at least every five years, by a qualified independent reviewer competent in the professional practice of internal auditing and the external assessment process.
- Ensuring that the Internal Auditing Standards for the Government of Canada are followed.
- Providing an annual report to the Deputy Head and the Departmental Audit Committee.

This three-year Risk-Based Audit Plan is a key component of a rigorous audit regime delivered by qualified audit professionals that contributes to the effectiveness of governance, risk management and internal controls over the delivery of Fisheries and Oceans Canada's programs and corporate activities.

1.1 BACKGROUND

The development of the Risk-Based Audit Plan is consistent with the requirements of the Treasury Board *Policy on Internal Audit*, and the Plan is based on an assessment of risks that could adversely affect Fisheries and Oceans Canada. A collaborative and consultative approach has been used to identify and assess the most significant risks faced by the Department. This included the consultation of several internal and external sources of information as well as consultations with the members of the Executive table.

In developing the Risk-Based Audit Plan for 2017-2020, the Internal Audit Directorate took into consideration the economic environment in which the Department is operating and the transformational changes it is implementing, including the revised priorities identified in the Minister's Mandate Letter issued in November 2015, and the recent launch of the \$1.5 billion national Oceans Protection Plan, which is aimed to protect Canada's coasts and waterways, and improve marine safety.

1.2 PURPOSE

This document, developed by the Internal Audit Directorate, outlines the Risk-Based Audit Plan for Fisheries and Oceans Canada. The Risk-Based Audit Plan has been designed with the objective of:

- identifying the priorities of the internal audit activity based on an assessment of risk and potential exposure that may affect Fisheries and Oceans Canada entities' ability to accomplish their objectives;
- coordinating activities with external assurance service providers and ensuring that government-wide audits led by the Comptroller General are taken into account to ensure proper coverage and minimize duplication of effort;
- ensuring the provision of services that are predominantly assurance-based; and
- allocating internal audit resources to those areas that represent the highest risk and significance and ensuring that sufficient work is completed to support an annual overview report of aggregated findings.

The Plan provides the Deputy Minister, the Executive Table and the Departmental Audit Committee with a detailed schedule of planned activities for 2017-18 and an overview of potential areas for audit engagements for the following two years.

This Plan includes the following sections:

- Internal Audit Directorate (*Section 2*)
- Approach/Methodology (*Section 3*)
- Audit Plan Summary (*Section 4*)
- Audit Resources (*Section 5*)
- Summary of Audit Coverage (*Section 6*)

2.0 INTERNAL AUDIT DIRECTORATE

2.1 ORGANIZATION

The Department's internal audit activity is led by the Chief Audit Executive who reports directly to the Deputy Minister. The Chief Audit Executive is responsible for establishing a multi-year Risk-Based Audit Plan consistent with the Department's objectives and priorities, and for maintaining a quality assurance and improvement program to monitor the Internal Audit Directorate's effectiveness. The Chief Audit Executive is also responsible for ensuring internal audit resources are professionally qualified and appropriately trained. In addition, the Chief Audit Executive communicates relevant information, including internal audit findings, to senior management, the Departmental Audit Committee, the Deputy Minister and, as appropriate, the Office of the Comptroller General.

The Internal Audit Directorate consists of two distinct but complementary functions namely Internal Audit Services and Professional Practices, led by a senior director and a director respectively, both reporting to the Chief Audit Executive. The Internal Audit Services function is responsible for providing assurance and consulting services while the Professional Practices function supports the internal audit activity and is responsible for the quality assurance and improvement program, external audit liaison services and the Departmental Audit Committee secretariat.

2.2 DEPARTMENTAL AUDIT COMMITTEE

The Departmental Audit Committee is an essential part of the Department's governance structure and of the audit regime established by the *TB Policy on Internal Audit*. The Departmental Audit Committee provides the Deputy Minister with independent, objective advice, guidance and assurance on the adequacy of the Department's risk management, controls, governance processes and audit capacity.

In order to fulfill its role, the Departmental Audit Committee is responsible to review a number of documents prepared by the Internal Audit Directorate, and to recommend their approval to the Deputy Minister. These documents include:

- a departmental internal audit charter;
- the multi-year Risk-Based Audit Plan; and
- internal audit reports and corresponding management action plans to address recommendations.

In addition, the Departmental Audit Committee is responsible to:

- review regular reports on progress against the Risk-Based Audit Plan;
- provide advice to the Deputy Head on the sufficiency of resources of the internal audit function;
- monitor and assess the performance of the internal audit function;
- provide advice to the Deputy Head on the recruitment and appointment, as well as on the performance, of the Chief Audit Executive; and
- ensure they are made aware of internal audit engagements or tasks that do not result in a report to the Committee, and be informed of all matters of significance arising from such work.

The Departmental Audit Committee is composed of the Deputy Minister, the Associate Deputy Minister and three external members. The Committee is chaired by one external member. In addition, the Commissioner of the Canadian Coast Guard, the Chief Financial Officer, the Senior General Counsel, the Assistant Deputy Minister Human Resources & Corporates Services and the Chief Audit Executive are permanent observers of the Departmental Audit Committee.

2.3 RESOURCES

The total budget (salary, operations and maintenance funding) of the Internal Audit Directorate for fiscal year 2017-18 will be approximately \$2.5 million. With the planned staffing actions, it is anticipated that the internal audit function will be delivered through 22 full-time equivalents in 2017-18.

2.4 INTERNAL AUDIT SERVICES

Internal audit takes a disciplined, evidence-based approach to provide assurance that key systems and processes are appropriately designed and are functioning as intended. As a complement to its assurance role, and within its sphere of expertise, the Internal Audit Directorate also provides consulting services.

This Risk-Based Audit Plan factors in the needs for consulting services to best support management while maintaining Internal Audit's objectivity.

Sections 2.4.1 and 2.4.2 describe the various assurance and consulting services provided by the Internal Audit Directorate.

2.4.1 Assurance Services (Internal Audits and Reviews)

Planned Internal Audits

Provides reasonable assurance against defined criteria, following professional internal auditing standards, and assurance standards. Scope is defined via a formal planning phase that includes a comprehensive risk assessment of the entity being audited. Areas selected for audit are based on an annual risk based planning exercise.

Directed Internal Audits

Provides reasonable assurance in response to ad-hoc request(s) made by the DM, DMA, Commissioner, DCs, ADMs or DAC in response to accountability concerns in a particular area. Scope is defined via a formal planning phase that includes a comprehensive risk assessment of the entity being audited.

Review

Provides an objective assessment of a particular area without the same rigour or examination and/or testing of an audit. While not designed to provide reasonable assurance, it can provide management with moderate assurance. May be requested by management or initiated by the IAD.

Continuous Audit

Provides ongoing and independent assessments of control frameworks and risk management systems. By utilizing a methodology or a framework that employs audit testing procedures, which can be combined with automated tools (for data extraction and analysis), it provides assurance on financial and non-financial data.

2.4.2 Consulting Services

Control / Risk Assessment

Provides a detailed control/risk assessment of a particular area and a preliminary assessment of established control processes. The control/risk assessment may lead to recommendations or may then be used to inform additional work which may be required (internal or external).

Advice

Encompasses formal and informal advisory services, which may be planned or ad hoc. May be requested by management or initiated by the IAD. Scope may include identification of control weaknesses and/or significant accountability risks.

Other Engagements

Formal engagement requested by management who play a major role in defining objective and scope.

2.5 Professional Practices

2.5.1 Quality Assurance and Improvement Program

Pursuant to the Treasury Board *Policy on Internal Audit*, the Government of Canada adopted the *Institute of the Internal Auditors International Professional Practices Framework* and the International Standards for the Professional Practice of Internal Audit as part of the Government of Canada Internal Audit Standards. As part of the Standards, the Chief Audit Executive is responsible to develop and maintain a quality assurance and improvement program, including the conduct of an external quality assessment of the internal audit function at least every five years.

The quality assurance and improvement program activities also include an internal quality assessment of all phases of an audit. To complement its quality assessment activities at the audit engagement level, the Directorate performs internal assessments at the audit function level. The last assessment was performed during Summer 2015 in preparation of the external practice inspection.

The Internal Audit Directorate had an external practice inspection conducted during the Fall of 2015. Consequently, the IA Activity was found to be Generally Conforming to the requirements of the TB *Policy on Internal Audit* and the associated Directive, the Government of Canada IA Standards and the IIA *Standards*.

2.5.2 Liaison with the Office of the Auditor General and other External Assurance Providers

The Internal Audit Directorate's management of liaison activities with the Office of the Auditor General, the Office of the Comptroller General, and other external assurance providers helps ensure that the activities of the Department are represented accurately, fairly and in a balanced manner. Various activities are carried out to ensure positive working relationships and effective coordination of all external audit work. Specifically, this includes providing assistance to departmental officials throughout the conduct of audits, negotiating acceptable timeframes for providing requested material, as well as collaborating with others when validating the factual content of audit reports and preparing departmental responses.

In addition, ministerial responses to petitioners with regards to environmental petitions are coordinated with the appropriate Agency/Sectors.

2.5.3 Follow-up on Management Action Plans

The Internal Audit Directorate actively and vigorously monitors and reports on the implementation of approved Management Action Plans to address internal audit recommendations, as well as recommendations stemming from external audits performed by the Office of the Auditor General and other external assurance providers. As part of the follow-up process, the Internal Audit Directorate requests updates from management, assesses and validates corrective measures that have been taken and determines whether the actions carried out are appropriate.

The Internal Audit Directorate has a strong follow-up process. Status updates are requested on a semi-annual basis from the auditees and a summary is presented at the Departmental Audit Committee meeting for approval. The process also involves assessing the risks associated with delays in implementation. When the implementation of a Management Action Plan is delayed, the representative

from the relevant Agency/Sector is required to attend the Departmental Audit Committee meeting to explain the reasons for the delays and to request an extension.

When there is a high risk that the corrective actions may not be completed as reported by the auditee, the Internal Audit Directorate may conduct a more comprehensive follow-up audit. Follow-up audit reports are tabled and approved at the Departmental Audit Committee and posted on the Directorate internet site and provided to the Office of the Comptroller General, as for regular internal audit engagements.

2.5.4 Departmental Audit Committee Secretariat

The Internal Audit Directorate provides administrative and logistical support to the Departmental Audit Committee members in order to coordinate and organize the meetings. This includes the preparation of the Committee meeting agenda, and the collecting and assembling of meeting material into electronic binders for submission to Departmental Audit Committee members two weeks in advance of each meeting. The Internal Audit Directorate also provides support for the preparation of the Departmental Audit Committee Annual Work Plan and Report.

2.5.5 Liaison with the Office of the Comptroller General and participation in their Horizontal Internal Audits

As outlined in the Treasury Board *Policy on Internal Audit*, the Internal Audit Directorate must consider government-wide audits led by the Comptroller General when developing the Risk-Based Audit Plan. Horizontal audits planned by the Office of the Comptroller General were taken into account in the 2017-2020 Risk-Based Audit Plan.

The Office of the Comptroller General has adopted a collaborative approach in conducting horizontal internal audits by sharing the work between the Office of the Comptroller General and the Internal Audit groups in departments. When conducting a horizontal audit in large departments and agencies, the Office of the Comptroller General performs the planning of the audit and prepares the audit work programs including the steps to take for documentation review and interview questionnaires. The Office of the Comptroller General then requires the Internal Audit Directorate of the participating departments to provide audit resources (normally one or two) to complete the examination phase. Each department may decide to expand the scope of a horizontal audit to address matters of significance specific to their department.

3.0 APPROACH/METHODOLOGY

3.1 PLANNING PROCESS

This Plan represents an update of the Risk-Based Audit Plan for 2016-2019 that was supported by the Departmental Audit Committee and approved by the Deputy Minister in March 2016.

The Risk-Based Audit Plan for 2017-2020 was developed in accordance with the Treasury Board *Policy on Internal Audit*. The procedures taken to develop the 2017-2020 Risk-Based Audit Plan were based on the Office of the Comptroller General Practice guidebook entitled "Internal Audit Planning for Departments and Agencies" as well as best practices/areas of improvement found during last year's update. Fisheries

and Oceans Canada's 2016-17 Program Alignment Architecture was used to develop the audit universe. This universe represents the inventory of auditable entities in the department organized by strategic outcome.

Building on last year's assessment and process, the internal audit team undertook the following activities to identify high-risk areas and subsequently develop the Risk-Based Audit Plan for 2017-2020:

- defining the audit universe;
- document review;
- consultation with senior management and the Departmental Audit Committee; and
- consultation with Internal Audit staff and management.

The following sub-sections describe in more details these steps.

3.1.1 Audit Universe

The Department's activities are organized under three strategic outcomes:

- Economically Prosperous Maritime Sectors and Fisheries;
- Sustainable Aquatic Ecosystems; and
- Safe and Secure Waters.

These strategic outcomes are the basis of the Department's Program Alignment Architecture for 2016-17. The Program Alignment Architecture is an inventory of all the programs and activities undertaken by the Department. The Program Alignment Architecture was a major input into the definition of the audit universe which forms the basis for selecting areas to audit, defines the potential scope of the internal audit activity and is comprised of major auditable units that may be subject to audit. It is the starting point of the Risk-Based Audit Plan.

3.1.2 Document Review

In order to update the Risk-Based Audit Plan for 2017-2020, the audit team undertook a review of relevant documents to identify potential areas of high risk. The following documents were consulted:

- Fisheries and Oceans Canada's Program Alignment Architecture and program descriptions;
- Fisheries and Oceans Canada's Corporate Risk Profile;
- Sectors' Risk Profiles and Programs' Business Plans;
- Fisheries and Oceans Canada's Management Accountability Framework assessment;
- Fisheries and Oceans Canada's Departmental Performance Report;
- Fisheries and Oceans Canada's Report on Plans and Priorities;
- Fisheries and Oceans Canada's Evaluation Plan;
- Fisheries and Oceans Canada's Environmental Scan;
- Fisheries and Oceans Canada's Internal Audit and Evaluation Reports;
- Audit Reports from external assurance providers; and
- Fisheries and Oceans Canada's departmental priorities.

In addition, the audit team considered all commitments and priorities identified in the Minister's Mandate Letter issued in November 2015, as well as the planned audit engagements from external assurance providers.

3.1.3 Consultation process

Consultations were held in the Fall 2016 with all members of the Executive Table, as well as key Directors General and Assistant Commissioners of the CCG. They were asked to comment on the audits planned for 2017-20 and to discuss any particular sources of risk to which their organization was exposed.

3.1.4 Priority Risk Assessment of the Auditable Entities

Using all the information collected and analysed through the consultation and document review process, the audit team assessed the risk likelihood and impact associated with each auditable entity within the audit universe.

Taking into consideration the presence of risk factors and risk events, each entity was assigned a likelihood risk score. The audit team's knowledge of the controls in place (if any) was also used for assigning a score for each proposed audit's underlying entity.

Risk factors include:

- degree and recentness of change (e.g., changes to funding, personnel, new systems etc.);
- degree of complexity (e.g., complexity of the entity in terms of its business processes, accountability structure, regulatory, legal and policy frameworks);
- legislative or other compliance requirements (e.g., legal requirements and their impact should they not be met);
- degree of dependencies (e.g., dependence on other groups or stakeholders).

3.1.5 Finalization of the Plan

A Three-Year Plan was developed taking into consideration the following elements:

- high risk areas;
- resource requirements and availability;
- other factors, such as: management priorities, planned evaluations, etc.; and
- the need for the right balance between assurance and consulting services.

The Three-Year Plan was provided to the Directors General – Management Committee meeting and the members of the Executive Table in January and February 2017 respectively. A meeting with the Departmental Audit Committee Chair was held in January 2017. In addition, a conference call with the Departmental Audit Committee members was also held in March 2017. Following these sessions some adjustments were made, and the final version of the Three-Year Audit Plan is provided in Section 4.

3.2 APPROVAL OF THE RISK-BASED AUDIT PLAN

The Risk-Based Audit Plan is formally updated by the Internal Audit Directorate on an annual basis, reviewed by the Departmental Audit Committee and recommended for approval to the Deputy Minister.

3.3 MONITORING OF THE RISK-BASED AUDIT PLAN

The implementation of the Risk-Based Audit Plan will be monitored on a regular basis throughout the year and regular status updates will be provided to the Departmental Audit Committee.

If/when changes to the Risk-Based Audit Plan are deemed necessary; the Internal Audit Directorate ensures that the principles of the audit planning process are observed and that all resulting decisions are well documented. By following a rigorous process, the Internal Audit Directorate can ensure that new decisions are being made in a consistent and timely manner.

As mentioned previously, the Plan may be updated to address changes. These adjustments required to the Plan will be presented to the Departmental Audit Committee for recommendation to the Deputy Minister for approval.

4.0 AUDIT PLAN SUMMARY

4.1 2017-18 to 2019-20 PLANNED AUDIT WORK

This section outlines the Risk-Based Audit Plan for 2017-2020 and the proposed assurance and consulting engagements for the next three years. The engagements will employ audit assurance and consulting services that will evaluate the systems of internal control in relation to established criteria.

For year one of the Plan, preliminary audit objectives and scope, as well as resource requirements have been identified. In addition, prior to commencing each proposed engagement, a more detailed risk assessment will be performed to refine the proposed scope and objective to help ensure it addresses the most significant risks. For years two and three of the Plan, only areas of risk are described. Given the constant evolution of the operating and risk environment, audit project realignment based on a Fisheries and Oceans Canada updated risk assessment is expected at the next Risk-Based Audit Plan update. Preliminary audit objectives and scope as well as resource requirements will be determined at that point.

It should be noted that this Plan is not a budget document and any indication of resource estimates are included only as a reference to the expected level of effort required to complete the engagements identified in the Plan. While it is estimated that the proposed Plan can be accomplished within the budgeted resources (salary, operations and maintenance) allocated for the Internal Audit Directorate, the reader is cautioned that retention levels and recruitment efforts may affect the progress against the Plan in the next three-year period. The Internal Audit Directorate may have to supplement with contracted resources as required.

The table below summarizes the proposed audit engagements for 2017-2020.

Proposed list of Internal Audit Engagements for FY 2017-2020

2017-2018		OPI
1	Audit of Occupational Health and Safety	HRCS
2	Audit on the Management of Laboratories	EOS
3	Continuous Auditing - Pilot	CFO/HRCS/TBD
4	Consulting engagement - Data Quality	TBD
5	Audit of the Icebreaking Services	CCG
6	Consulting engagement - Building Fleet Plan	CCG
7	Regional audit	TBD
2018-2019		
1	Audit of the Environmental Response Program	CCG
2	Audit of Species at Risk	EFM
3	Audit of Real Property	HRCS
4	Audit of Staffing	HRCS
5	Audit of Marine Navigation	CCG
6	Audit of Compliance and Enforcement	EFM
7	Follow-up audit of Fraud Management	CFO/HRCS
2019-2020		
1	Audit of Indigenous Partnerships	EFM, CFO
2	Audit of the Incident Command System	CCG
3	Audit of Classification	HRCS
4	Audit on the use of Science in decision-making	EFM, Strategic Policy
5	Audit of Inventory Management	CFO
6	Audit of Aquatic Invasive Species	EFM
7	Audit of Grants and Contributions*	CFO

Acronyms:

CCG: Canadian Coast Guard

CFO: Chief Financial Officer

EFM: Ecosystems and Fisheries Management

EOS: Ecosystems and Oceans Science

HRCS: Human Resources and Corporate Services

TBD: To be determined

*It is currently anticipated that this engagement be conducted in Q4 of 2019-2020. However, the timing of this engagement will be reassessed annually as part of the Risk-Based Audit Plan update to determine whether it should be postponed to 2020-2021.

FISCAL YEAR 2017-18

Project carried over from 2016-17 - To be completed in 2017-18

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline	Resource Requirements		
Internal Services	Audit of the Occupational Health and Safety	Assurance	Audit Report	High	People Management	Infrastructure	Q4 2016-17 to Q3 2017-18	325	Nil	15K
					Management of Policy and Programs	Program Delivery				
					Management of Service Delivery	Hazard and Crisis				

Background and Engagement Specific Risks

Promoting safe working conditions is a key component of health and safety in the work place. The Canada Labour Code - Part II Occupational Health and Safety (OHS) and its body of Regulations and all applicable Treasury Board of Canada Secretariat Directives, Standards, Procedures, Guides and Advisory Notices set out requirements intended to ensure that the Health and Safety, at work, of every employee is protected. Establishing and maintaining a comprehensive Occupational Health and Safety program is essential for the Department's compliance with these regulations.

Occupational Health and Safety has been identified as a high risk area by Senior Management. Although certain elements of the OHS were covered in the 2016 Internal Audit of the Management of OHS and Physical Security in Laboratories, the overall Departmental OHS program has not been audited in the past. This audit would complement the recently completed Internal Audit of the Management of OHS and Physical Security in Laboratories. The audit objective was to provide assurance that the Department has adequate security, safety and occupational health measures in place for laboratories. Overall, that audit revealed that formal requirements of the OHS program were not always being met, as a result of gaps in the existing governance structure and in the guidance being provided.

In addition, in 2015, under the direction of the DFO Safety, Security and Emergency Management Oversight Committee, a comprehensive Review of Safety, Security and Emergency Management was completed. As a result, OHS was identified as one of the top five risks for the Department.

Preliminary Audit Objective

The proposed preliminary objective for this audit is to provide assurance that the Department's Occupational Health and Safety (OHS) policies and procedures are aligned with federal legislation and government-wide requirements to ensure the OHS Program is contributing to a safe and healthy working environment for DFO and CCG personnel.

Preliminary Audit Scope

It is proposed that the scope of the audit includes the management control framework, the OHS governance, roles and responsibilities and controls in place to support alignment with relevant provisions of the Canada Labour Code, Part II, the Canada Occupational Health and Safety Regulations as well as relevant Treasury Board and departmental policies.

FISCAL YEAR 2017-18

Project Carried-over from 2016-17 - To be completed in 2017-18

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
Internal Services	Management of Laboratories	Assurance	Audit Report	High	Management of Policy and Programs	Infrastructure				
					Management of Service Delivery	Recruitment and Retention	Q4 2016-17 to Q3 2017-18	325	Nil	15K
					Financial and Assets Management	Program Delivery				
					People Management					

Background and Engagement Specific Risks

DFO Laboratories support critical functions of the department. Most of DFO's scientific operations occur within DFO scientific institutions located across the Regions. The management of laboratories is generally an area of interest among science-based departments. For instance, several departments have conducted audits of laboratories, focusing on different aspects such as compliance with identified federal government and industry standards and asset management.

The audit of Management of Laboratories was initiated in 2015. However, during the planning phase of the audit and as a result of the Science 2016 Initiative ongoing at the time, the audit team acknowledged that the audit would be of better value if postponed to a subsequent year. Consequently, a preliminary survey report was prepared outlining risks observed during the planning phase of the audit. Therefore, this topic has not benefited from an audit in the past 10 years.

It is proposed that the audit of Management of Laboratories be initiated in 2017-18 given that the Science 2016 Initiative has been implemented. The audit will leverage the work completed during the planning phase of the audit that was initiated in 2015.

Preliminary Audit Objective

The proposed preliminary objective for this audit is to assess whether the governance, risk management and/or controls is/are adequate to ensure efficient management of laboratories.

Preliminary Audit Scope

It is proposed that the scope of the audit include one or more following elements: oversight and accountabilities, communication; strategic and operational planning, monitoring, risk management and/or controls related to the management of laboratories.

The Occupational Health and Safety component will be scoped out of the audit given the work currently performed in the audit of the Management of Occupational Health and Safety and Physical Security in Laboratories.

FISCAL YEAR 2017-18

New Projects to be initiated and completed in 2017-18

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline	Resource Requirements		
Internal Services	Continuous Auditing - Pilot	Assurance	Audit Report	High	Financial and Asset Management Human Resources	Information for Decision-Making	Q1-Q4	Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
								200	75K	Nil

Background and Engagement Specific Risks

Continuous auditing, also known as "Technology-assisted auditing", is a methodology which can assist the Internal Audit Directorate (IAD) operate more effectively and efficiently. It enables the IAD to conduct timely, less costly, assurance engagements focused on compliance with policies, procedures and regulations.

For transactional subjects such as Contracting, Travel, Pay and other management processes, a continuous audit framework can be used to assess control effectiveness, identify control deficiencies and detect fraud. Ultimately the goal of continuous auditing is to strengthen monitoring and core controls through the provision of timely assurance.

The Continuous Auditing Framework is being piloted to test the audit methodology and tools, and assess the level of effort and impact on sectors and regions.

It is expected that this engagement will provide insight on the effectiveness and efficiency of key controls; and perhaps will enhance internal control processes; and reduce duplicate or redundant controls.

During the project planning phase, in determining the objective and scope, the Internal Audit Directorate will consult with the Office of the Chief Financial Officer and Human Resources and Corporate Services to ensure that there is no duplication between the work of Continuous Auditing and Continuous Monitoring.

Preliminary Audit Objective

The proposed preliminary objective for the continuous auditing pilot is to assess whether key controls are adequate and/or efficient for the application of DFO's existing control frameworks.

Preliminary Audit Scope

The proposed scope of the audit could include the monitoring and assessment of internal controls in key areas such as acquisition cards, contracting and supplier payments, travel and hospitality, and/or pay and management of personal information. Additionally, the proposed assessment of internal controls will focus on compliance with relevant Treasury Board Policies and Directives, and the Financial Administration Act.

FISCAL YEAR 2017-18
New Projects to be Initiated and Completed in 2017-18

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAE Elements	Corporate Risk Profile	Timeline	Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
Internal Services	Data Quality	Consulting	Report	High	Results and Accountability Financial and Assets Management Information Management	Information For Decision-making Program Delivery	Q1-Q2	200	80K	Nil

Background and Engagement Specific Risks

The accuracy and availability of data is essential for the Department to make effective and timely decisions. There is a lack of integration between IM/IT systems, and there is overlapping information within different sectors of the Department causing increased workload and a risk of inconsistent information being shared. Additionally, some data collected by third parties may not be verified for accuracy. Senior Management reported data quality and the lack of pertinent data available for decision-making as key risk factors to achieve program objectives and to implement key policies.

A review of DFO's Governance and Accountability Structure was initiated in 2016. As part of the Review, the team examined the department's activities regarding reporting on results – Ministerial Commitments. This included the review of the monitoring and reporting structure and the existence of oversight measures in place. The findings from the Review of Data Quality will provide further assurance regarding the ability to accurately report on the achievement of results with a focus on appropriate and meaningful data available for decision-making.

Preliminary Audit Objective

The proposed preliminary objective for this review is to assess whether:

- The Department has appropriate and meaningful data available for decision-making;
- The data from various departmental systems is consistent; and
- The department's information systems share information to support decision-making.

Preliminary Audit Scope

It is proposed that the preliminary scope of the audit will include one or more of the following elements: Governance, Information Management, Access to Information (integration of IM/IT systems to enable sharing of information), and Information Security.

FISCAL YEAR 2017-18

New Projects to be initiated and completed in 2017-18

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAE Elements	Corporate Risk Profile	Timeline	Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
Marine Navigation										
Marine Communications and Traffic Services	Icebreaking Services	Assurance	Audit Report	High	Governance and Strategic Management	Infrastructure Hazard and Crisis	Q4	300	Nil	10K
Maritime Security					Management of Service Delivery	Recruitment and Retention				

Background and Engagement Specific Risks

The Canadian Coast Guard (CCG) provides icebreaking services for commercial ships, ferries and fishing vessels in ice-covered Canadian waters, including vessel escorts, harbour breakouts, maintaining shipping routes and providing ice information services. These services ensure safe navigation, prevent the formation of ice jams and flooding, and maintain open routes for maritime commerce.

CCG Ice Operations Centres are in operation during the ice season 24 hours a day, and are staffed with professional Ships Officers who have experience in the operation of icebreakers and ships in ice. The Ice Operations Centres are in contact with icebreakers at all times and maintain contact with shipping via CCG Marine Communications and Traffic Service Centres.

In 2014, the Commissioner of the Environment and Sustainable Development (CESD) conducted an audit on Marine Navigation in the Canadian Arctic. The objective was to assess whether key federal departments adequately supported safe marine transportation to mitigate the risks of spills in Canadian Arctic waters. Overall, it was concluded that Fisheries and Oceans Canada adequately supports safe marine navigation in the Arctic, in the context of current levels of vessel traffic. Gaps and emerging risks were identified in the following areas: hydrographic surveys and charts, aids to navigation, weather and ice information, icebreaking services, and the long-term strategic vision for marine transportation in the Arctic.

The Minister's Mandate Letter issued in November 2015, indicated as part of its key priorities for the Department, the importance of protecting marine areas and improving marine safety. This engagement will provide assurance to the Department that progress is being made in order to address these priorities. In addition, the audit will support the recent launch of the \$1.5 billion national Oceans Protection Plan, which is aimed to protect Canada's coasts and waterways, and improve marine safety.

Preliminary Audit Objective

The proposed preliminary objective for this audit is to assess the adequacy and/or effectiveness of the governance framework, controls and risk management practices for the delivery of icebreaking services.

Preliminary Audit Scope

It is proposed that the scope of the audit will include an assessment as to whether the CCG has put in place an adequate framework in support of the icebreaking services; and/or an assessment of the adequacy of controls and mitigation strategies in place to address threats related to these services.

The audit could also include a follow-up on the recommendations addressed to CCG from the 2014 Commissioner of the Environment and Sustainable Development Audit on Marine Navigation in the Canadian Arctic.

FISCAL YEAR 2017-18

New Projects to be initiated and completed in 2017-18

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
Fleet Operational Readiness	CCG Fleet Plan	Consulting	Report	Moderate	Governance and Strategic Management Management of Service Delivery	Infrastructure Hazard and Crisis	Q1	TBD	TBD	TBD

Background and Engagement Specific Risks

The Fleet Renewal Plan is an investment strategy that outlines the appropriate number, classes and mix of vessels and helicopters needed over 30 years to maintain current programs and services. The Fleet Renewal Plan will ensure that the Canadian Coast Guard (CCG) meets the needs of mariners today, and into the future with a fleet that: addresses the Icebreaking challenge; meets public expectations for environmental response; delivers the required capacity in the North; and ensures operational flexibility and adaptability. The plan must also address public expectations regarding environmental response and across all other Coast Guard program areas.

Work to complete the Fleet Renewal Plan is underway. The CCG is in the process of analyzing the current demand and fleet capacity to identify potential future gaps. The Plan will need to fulfill commitments far into the future – meaning that the ships procured today will need to be flexible and able to adapt as operations evolve and demands shift over time.

The Canadian Coast Guard demonstrated interest in a consulting engagement to be initiated in early 2017-18. The Internal Audit Directorate is expected to provide advisory services on the development of the CCG's Fleet Plan.

The Internal Audit Directorate could assist in identifying risk areas and mitigation strategies, and in supporting the development of the Fleet Plan.

Preliminary Audit Objective

Preliminary Audit Scope

The preliminary objective of the audit will be determined during the planning phase of this engagement, and in consultation with the Office of Primary Interest.

The preliminary scope of the audit will be determined during the planning phase of this engagement, the Office of Primary Interest.

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New Projects to be initiated and completed in 2017-18

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
Internal Services	Regional Audit	Assurance	Management Letter	TBD	TBD	TBD	Q4	TBD	TBD	TBD
Background and Engagement Specific Risks										

Approximately 85 percent of the Department of Fisheries and Oceans Canada (DFO) employees, including the Canadian Coast Guard (CCG), are located outside of the National Capital Region.

Currently, most audits conducted by the Internal Audit Directorate pertain to internal services or are sector or program specific - leaving a gap in audit coverage at the regional level. Additionally, recent audits have noted a need to clarify roles, responsibilities and accountabilities, as well as ensure greater consistency in the application of policies and delivery of programs and activities.

It is expected that this audit be initiated following the completion of the engagement on Continuous Auditing. The audit team will assess the regional management practices based on the risks/results identified during the engagement on Continuous Auditing.

Preliminary Audit Objective

The proposed preliminary objective for this audit will be determined based on the analysis completed during the engagement on Continuous Auditing, which is expected to be completed in Q3 of 2017-2018.

Preliminary Audit Scope

The proposed preliminary scope for this audit will be determined based on the analysis completed during the engagement on Continuous Auditing, which is expected to be completed in Q3 of 2017-2018.

FISCAL YEAR 2018-19

New Projects to be Initiated in 2018-19

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
Environmental Response Services / Maritime Security	Environmental Response Program	Assurance	Audit Report	High	Governance and Strategic Direction Leadership and Strategic Direction	Hazard and Crisis Environmental Impacts On Fisheries	TBD	TBD	TBD	TBD

Background and Engagement Specific Risks

The Canadian Coast Guard (CCG) is the lead federal agency for managing the response to all ship-source and mystery pollution spills occurring in the marine environment in waters under Canadian jurisdiction and for the support of countries under international agreements. Through the Environmental Response Program, CCG establishes an appropriate and nationally consistent level of preparedness and response service in Canadian waters; monitors and investigates all reports of marine pollution in Canada in conjunction with other federal departments; and maintains communications with the program's partners, including Transport Canada and Environment Canada, to ensure a consistent approach to the response to marine pollution incidents. The objectives of the Environmental Response Program are to minimize the environmental, economic and public safety impacts of marine pollution incidents.

In 2010, the Commissioner of the Environment and Sustainable Development (CESD) conducted an audit on the Oil Spills from Ships. The audit examined whether Transport Canada, the CCG, and Environment Canada had taken reasonable actions to prepare for and respond to pollution incidents caused by ship-source oil and chemical spills in Canada's Arctic, Pacific, and Atlantic Ocean waters, and the Gulf of St. Lawrence. Out of the nine recommendations included in the report, eight were directed to the CCG.

In November 2013, the Tanker Safety Expert Panel issued the results of their review of Canada's Ship-Source Oil Spill – Phase I. The report included 45 recommendations for strengthening oil tanker safety. Later in September 2014, they issued the Phase II of their review where they concluded that there are opportunities to enhance Canada's prevention, preparedness and response requirements for the Arctic, hazardous and noxious substances to better protect the public and the environment. The Phase II Review included 25 recommendations for the Arctic, 17 recommendations for hazardous and noxious substances, and one recommendation applicable to both phases of their reviews. From these recommendations, 15 were explicitly addressed to DFO Canadian Hydrographic Services and CCG.

In July 2015, following the MV Marathassa Fuel spill event in English Bay, an independent review was conducted by Mr. John Butler, who previously served as an Assistant Commissioner for the CCG. A report including 25 recommendations was issued. The recommendations included in the report were deemed to improve the communications and operational protocols, standards, practices, actions, procedures, and directives that pertain to environmental response. The majority of the recommendations were addressed to the CCG.

The Minister's Mandate Letter issued in November 2015, indicated as part of its key priorities for the Department, the importance of protecting marine areas as well as monitoring contaminants and pollution in the oceans. This engagement will provide assurance to the Department that progress is being made in order to address these priorities. In addition, the audit will support the recent launch of the \$1.5 billion national Oceans Protection Plan, which is aimed to protect Canada's coasts and waterways, and improve marine safety.

Given the above-mentioned reviews and reports have recently been completed in this area, the Internal Audit Directorate is proposing to initiate this audit in 2018-19. Furthermore, as a result of the Oceans Protection Plan, programs are going through fundamental changes, including legislative changes. Consequently, initiating this audit in late 2018-19 will allow for programs to address findings before another assessment.

FISCAL YEAR 2018-19

New Projects to be Initiated in 2018-19

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
Species at Risk	Species at Risk	Assurance	Audit Report	High	Management of Policy and Programs Governance and Strategic Management People Management	Environmental Impact on Fisheries Program Delivery Recruitment and Retention	TBD	TBD	TBD	TBD

Background and Engagement Specific Risks

The Species at Risk Act (SARA), 2003, was created to prevent wildlife species from becoming extinct; to provide for the recovery of threatened, endangered and extirpated species; and to manage species of special concern to prevent them from becoming endangered or threatened (SARA, S.6). Responsibility for the implementation of SARA is assigned to Environment Canada, Fisheries and Oceans Canada and Parks Canada Agency. Specifically, DFO has the legislated responsibility and mandate to protect and recover all aquatic species in Canada (except those on federal lands under the responsibility of Parks Canada).

The program is managed according to key principles in the Act, such as stewardship, engagement, consultation, cooperation, compliance and enforcement. The program gets information from scientific research, social and economic research, and stakeholder and community views. This information gathered then supports the assessment and listing of species; the recovery and protection of species at risk through recovery strategies, action plans and management plans; the identification and protection of species' critical habitats; the implementation of recovery measures; and reporting on progress. The Species at Risk program helps improve the ecological integrity of aquatic ecosystems so that they remain healthy and productive for future generations of Canadians.

In 2013, the Commissioner of the Environment and Sustainable Development conducted an audit on Recovery Planning for Species at Risk and concluded that Environment Canada, Fisheries and Oceans Canada, and Parks Canada have not met their legal requirements for establishing recovery strategies, action plans, and management plans under the SARA.

As a result of changing oceanographic and freshwater conditions, there is a risk that Canada's fish stocks may fluctuate in an unpredictable manner and affect the Department's and its provincial/territorial partners' management of the fisheries. Senior Management reported concerns with the Human Resource Capacity; possibly not sufficient enough to support the completion of program activities within the SARA specific timelines. In addition, concerns over the length of time it takes to list a species as at risk were also reported.

The audit on Species at Risk could provide insight as to the adequacy and/or effectiveness of the management control framework in place for the management of species at risk. The audit could also follow-up on the implementation of the 2013 Commissioner of the Environment and Sustainable Development Audit of Species at Risk recommendations. Moreover, the audit could cover key priorities identified in the 2015 Minister's Mandate Letter in terms of protecting the health of fish stocks.

FISCAL YEAR 2018-19

New Projects to be Initiated in 2018-19

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
Internal services	Real Property	Assurance	Audit Report	High	Governance and Strategic Management	Infrastructure Risk Information for Decision Making Program Delivery	TBD	TBD	TBD	TBD

Background and Engagement Specific Risks

Senior Departmental officials reported Real Property as a key risk area for the Department and demonstrated a high interest for an audit on this topic. It has also been noted that the Department has not met Treasury Board Secretariat recommended capital and operating investment objectives, and has reference level funding below federal government averages.

The last internal audit of Real Property was conducted in 2013. The audit assessed whether the governance and controls in place, as it relates to the Strategic and Operating Review implementation, ensure that strategic direction and associated plans are set, real property implications are defined, monitored and reported on, and related financial impacts are determined and monitored. Overall, areas for improvement were noted with regards to the governance and accountability structures as well as the decision-making authority and process for Real Property Management.

An internal audit was conducted in 2011. The objective was to provide assurance that management of real property is adequate and supports timely and informed real property management decisions. Overall, the audit concluded that the management of real property was generally adequate. However, areas for improvement were noted in the area of life-cycle management, particularly in the assessments of the performance of real property assets and the identification of surplus properties for disposal.

The 2017-18 Corporate Risk Profile for the Department identified Infrastructure as a key risk. More specifically, there is a risk that the Department may not be able to maintain its infrastructure to support the required levels of service delivery. In addition, the Real Property Program is currently exploring the potential implementation of a new service delivery model. This new model is expected to be implemented in 2018.

It is proposed that the audit be initiated in late 2018-19 given that the new service delivery model would have been implemented. This audit could assess the adequacy of the governance structure and/or internal controls in place as it relates to Real Property. The audit could also include a follow-up on the recommendations included in the 2013 and 2011 internal audits.

FISCAL YEAR 2018-19

New Projects to be Initiated in 2018-19

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
Internal Services	Staffing	Assurance	Audit Report	High	Leadership and Strategic Direction Governance and Strategic Management Public Sector Values	Recruitment and Retention Risk Program Delivery Risk	TBD	TBD	TBD	TBD

Background and Engagement Specific Risks

The Public Service Commission's *Appointment Policy* was revised in April 2016. This *Policy* applies to all appointments to and within the public service made in accordance with the Public Service Employment Act (PSEA).

Senior Departmental Officials reported concerns with the recent changes announced by the Public Service Commission, more specifically with staffing. Consequently, they requested that an audit on this topic be included in the three-year audit plan.

The 2017-18 Corporate Risk Profile identified Recruitment as a key risk. More specifically, there is a risk that the Department may not be able to recruit and retain a sufficient and representative workforce particularly for the marine sector and other specialized professions. In addition, Senior Departmental Officials reported that there's a risk that the Department and more particularly the Human Resources and Corporate Services (HRCS) may not be able to achieve their objectives due to the poor implementation of the flexibilities offered under the Public Service Commission's new direction in staffing.

A readiness assessment on succession planning was conducted in 2014. The objective was to provide an advisory service to HRCS with regards to the current state of succession planning activities undertaken within DFO. Overall, it was concluded that succession planning activities are taking place in the department. The readiness assessment identified opportunities to strengthen certain key framework elements and the approaches to specific steps in the succession planning process.

The Public Service Commission conducted an audit in 2010. The objective was to assess whether DFO had an appropriate framework, systems and practices in place to manage its appointment activities and whether appointments and appointment processes complied with the PSEA and other governing authorities. Overall, it was concluded that DFO had developed staffing strategies and put in place appointment policies that are mandatory according to the Public Service Commission's appointment framework. However, areas for improvement were identified, in particular with the DFO Policy on Area of Selection, the DFO Policy on Non-Advertised Appointment Processes, and with the monitoring processes of casual workers becoming term or indeterminate employees.

The Public Service Commission is currently conducting a System-Wide Staffing audit, which is expected to be completed in 2017-18. This audit will focus on the new direction in staffing and recommendations will be directed at the Public Service Commission only.

This audit could assess whether the governance framework in place ensures that adequate and/or effective controls and monitoring processes are in place to support staffing activities. The audit could look at the new directive on staffing, and follow-up on the findings/recommendations included in the Public Service Commission audit and the readiness assessment on succession planning.

FOCUS YEAR 2017-18

New Projects to be initiated and completed in 2017-18

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
Marine Navigation	Marine Navigation	Assurance	Audit Report	High	Policy and Programs	Hazard and Crisis	TBD	TBD	TBD	TBD
					Service Delivery	Recruitment and Retention				
					Financial and Assets	Infrastructure				
					People	Program Delivery				
					Governance and Strategic					

Background and Engagement Specific Risks

Marine Navigation is a program delivered by the Canadian Coast Guard (CCG). The program provides Canadian and International commercial marine transportation sectors, fishers and pleasure craft operators with information and services that facilitate safe, economical and efficient movement of maritime commerce in support of economic prosperity. The Marine Navigation Program consists of three distinct areas of activity: Icebreaking services; Aids to Navigation; and Waterways Management.

Senior Management raised concerns regarding this Program. Specifically, there is a risk that the Department may experience challenges in responding to hazards and crises as a result of increased marine traffic complexity and volume, and of growing diversity in ocean usage. Additionally, there is a risk that the Department may not be able to recruit and retain a sufficient and representative workforce particularly for the marine sector and other specialized professions.

In 2013, the Commissioner of the Environment and Sustainable Development conducted an audit on Marine Navigation in the Canadian Arctic. Gaps and emerging risks were found in the following areas: hydrographic surveys and charts; aids to navigation; weather and ice information; icebreaking services; and the long-term strategic vision for marine transportation in the Arctic.

The Minister's Mandate Letter issued in November 2015, indicated the importance of protecting marine areas and improving marine safety as part of its key priorities for the Department. In addition, the recent launch of the \$1.5 billion national Oceans Protection Plan, has reaffirmed the need to protect Canada's coasts and waterways, and improve marine safety. This audit will provide assurance to the Department that progress is being made in order to address the priority areas of the Oceans Protection Plan, which include creating a world-leading marine safety system that strengthens responsible shipping and protects Canadian waters through new preventive and responsive measures, such as improved navigational charts developed by the Canadian Hydrographic Service.

FISCAL YEAR 2018-19
New Projects to be Initiated in 2018-19

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
Compliance and Enforcement	Compliance and Enforcement	Assurance	Audit Report	High	Governance and Strategic Management	Legal Challenges				
						Program Delivery				
					Management of Policy and Programs	Recruitment and Retention	TBD	TBD	TBD	TBD
					Management of Service Delivery	Environmental Impact on Fisheries				
						Hazard and Crisis				

Background and Engagement Specific Risks

The Compliance and Enforcement Program ensures the conservation and sustainable use of Canada's aquatic resources and the protection of species at risk, fish habitat, and oceans. The program is delivered through a regulatory management and enforcement approach, and uses a number of tools to achieve its goals, including promoting compliance with legislation, regulations and management measures through education and shared stewardship; monitoring, control, and surveillance activities; and the management of major cases and special investigations. The National Fisheries Intelligence Service, and the Program and Operational Readiness sub-programs support the carrying out of enforcement operations.

Senior Departmental officials reported that the National Fisheries Intelligence Service had undergone significant reductions, challenges and changes in last years. In addition, a number of risks related to Compliance and Enforcement were reported such as human resources and financial capacity, crisis management capability, information technology infrastructure, as well as misalignment with and ability to meet stakeholder expectations.

The audit could assess the management control framework supporting compliance and enforcement activities (including procedures, tools, risk management activities, guidance and educational activities) as well as enforcement actions by Departmental staff (a sample of enforcement actions could be examined to ensure that policies and procedures are followed).

FISCAL YEAR 2018-19

New Projects to be Initiated in 2018-19

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
Internal Services	Fraud Management	Assurance	Audit Report	High	Service Delivery Financial and Assets	Program Delivery Information for Decision-Making Legal Challenges	TBD	TBD	TBD	TBD

Background and Engagement Specific Risks

Fraud encompasses a wide range of irregularities and illegal acts characterized by intentional deception or misrepresentation. The Institute of Internal Auditors defines fraud as: "Any illegal act characterized by deceit, concealment, or violation of trust. These acts are not dependent upon the threat of violence or physical force. Frauds are perpetrated by parties and organizations to obtain money, property, or services; to avoid payment or loss of services; or to secure personal or business advantage."

In September 2013, DFO was notified that the Office of the Auditor General (OAG) was beginning a Performance Audit on the Management of Fraud Risks in the Government of Canada and that DFO was included in the scope. The OAG postponed the engagement. In February 2016, the OAG notified DFO that the audit was re-initiated, but that DFO was scoped out. The audit is scheduled to be tabled in Spring 2017.

In March 2014, the Internal Audit Directorate engaged the services of Deloitte to conduct a department-wide fraud risk assessment to inform senior management of the fraud risk exposure for the department. The Risk Assessment was tabled and approved at the March 2015 Departmental Audit Committee (DAC) meeting. Recommendations were in the following areas: medium residual risk scenarios; fraud analytics; document, monitor and test control activities; fraud awareness; and, periodic fraud risk assessments. Meetings were held with Sectors targeted by the recommendations and an integrated Management Action Plan was developed and approved at the March 2015 DAC meeting.

The audit could assess the adequacy and/or effectiveness of the fraud governance and management framework, and include a follow-up on the recommendations from the DFO fraud risk assessment conducted by Deloitte. It could also include an update of the fraud risk assessment.

FISCAL YEAR 2019-20

New Projects to be Initiated in 2019-20

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
Aboriginal Strategies and Governance	Indigenous Partnerships	Assurance	Audit Report	High	Governance and Strategic Management Management of Policy and Programs	Program Delivery Environmental Impact on Fisheries Legal Challenges Risk	TBD	TBD	TBD	TBD

Background and Engagement Specific Risks

As part of the 2017-2018 Corporate Risk Profile (CRP), risks related to the environmental impacts on fisheries were identified. As a result, there is a risk that Canada's fish stocks may fluctuate in an unpredictable manner and affect the Department's and its provincial/territorial partners' management of the fisheries, which includes the Commercial, Recreational, and Aboriginal Fisheries.

The CRP indicated that the Department has in place Aboriginal programs and treaty arrangements and consultations that provide platforms to engage indigenous groups on potential impacts on their fisheries.

The Minister's Mandate Letter issued in November 2015, indicated the importance of working with Indigenous People. The audit could provide assurance to the Department that progress is being made in order to address priorities included in the Minister's Mandate Letter, in particular in terms of relationship with Indigenous People.

This audit could also provide assurance that the departmental management control framework for aboriginal fisheries is in place, appropriate and functioning.

FISCAL YEAR 2019-20
New Projects to be initiated in 2019-20

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
Environmental Response Services	Incident Command System	Assurance	Audit Report	High	Management of Service Delivery Management of Policy and Programs	Program Delivery Hazard and Crisis Information for Decision Making	TBD	TBD	TBD	TBD

Background and Engagement Specific Risks

The 2016-17 Report on Plans and Priorities indicated that the department will continue to implement the Incident Command System (ICS) through the construction of a new National Situation Centre and the adoption of an ICS Information Management System. This will improve the Canadian Coast Guard's ability to manage responses to marine pollution incidents in collaboration with key emergency response partners. The use of this system will ensure that federal, provincial and First Nations partners with responsibilities and interests related to the operation are able to participate in decision-making, discussions, and planning. Coast Guard personnel from coast to coast will be trained in ICS, ensuring a trained and knowledgeable surge capacity in the event the Coast Guard is called upon to support a large and complex emergency.

The ICS is an emergency management system used for the command, control, and coordination of emergency response operations. It is a way to organize people, equipment, operations, and communications activities to more effectively manage emergencies. ICS can be used for all kinds of emergencies (i.e. oil spills, floods, humanitarian, forest fires, etc.) and works equally well for both small and large complex incidents.

Senior Management reported that there is a risk that the Department may experience challenges in responding to hazards and crises. Response capacity differs throughout the organization due to the fact that there are remote sites and many different types of emergencies that can arise. Consequently, the implementation of the ICS for the command, control and coordination of emergency response operations is key for the Canadian Coast Guard.

The audit could provide assurance that the Department has put measures in place to ensure that the Incident Command System is adequate and/or effective in order to manage emergency response operations. Moreover, this engagement will support key priorities identified in the Minister's Mandate Letter issued in November 2015 in terms of protecting marine areas as well as monitoring contaminants and pollution in the oceans.

FISCAL YEAR 2019-20

New Projects to be Initiated in 2019-20

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAE Elements	Corporate Risk Profile	Timeline	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
Internal Services	Classification	Assurance	Audit Report	High	Governance and Strategic Management	Program Delivery Risk	TBD	TBD	TBD	TBD
					Public Service Values	Recruitment and Retention Risk				
					Management of Policy and Programs					

Background and Engagement Specific Risks

Classification is a cornerstone of human resources disciplines such as compensation, staffing, and labour relations. An effective classification management system assists an organization in attracting competent employees and enhancing staff morale, and may have multiple effects on the rest of the human resources management.

Senior Management reported concerns with the classification management system which has resulted in an impact on retention and employee morale. In addition, the 2017-18 Corporate Risk Profile indicated that there is a risk that the Department may not be able to align resources to future program delivery needs. This is due to human resources capacity, including lengthy internal classification and hiring processes.

In 2010, an internal audit of Classification was conducted. The objective was to provide assurance that DFO had an adequate and effective management control framework in place for the classification function. Overall, it was concluded that the management control framework governing the department's classification function was mostly in place; however, the audit identified opportunities for improvement in the areas of planning, organizing, client service, monitoring, and performance measurement.

The audit of Classification could assess whether the governance, risk management and/or controls are in place to ensure an adequate and/or effective classification management system. The audit could also follow-up on the implementation of the recommendations included in the 2010 internal audit of Classification.

FISCAL YEAR 2019-20									
New Projects to be Initiated in 2019-20									
PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline	Resource Requirements	
								Internal Resources (# Person-Days)	Consultant Cost
All	Use of Science in Decision-Making	Assurance	Audit Report	High	Leadership and Strategic Direction Governance and Strategic Management	Information for decision-making risk	TBD	TBD	TBD
Background and Engagement Specific Risks									

The 2017-18 Corporate Risk Profile reported concerns with the information available for decision-making. In particular, it was noted that the transition to relying more on third party sources for scientific advice creates uncertainty with respect to the timely availability of information. As a result, there is a risk that the Department may not have access to sufficient information to make effective and timely decisions.

In 2016, the Commissioner of the Environment and Sustainable Development (CESD) conducted an audit on Sustaining Canada's Major Fish Stocks. Overall, the audit included eight recommendations, one of which was to put effective requirements and controls in place to ensure the availability of timely and reliable fishery-dependent data for Fisheries Management and Science.

The use of science in decision-making is fundamental given the vocation of Fisheries and Oceans Canada, a science-based department. The use of science in decision-making will help demonstrate that decisions are based on facts and evidence.

The Minister's Mandate Letter issued in November 2015, indicated as part of its key priorities for the Department, the importance of ensuring that decisions are based on science and facts, and serve the public interest.

This engagement will provide assurance to the Department that scientific evidence is taken into account when making decisions; and that progress is being made in order to address the priorities identified in the Minister's Mandate Letter.

FISCAL YEAR 2019-20

New Projects to be Initiated in 2019-20

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAE Elements	Corporate Risk Profile	Timeline	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
Fisheries Protection	Aquatic Invasive Species	Assurance	Audit Report	High	Leadership and Strategic Direction	Environmental Impacts on Fisheries	TBD	TBD	TBD	TBD
					Governance and Strategic Management	Program Delivery				
					Management of Policy and Programs	Recruitment and Retention Legal Challenges				

Background and Engagement Specific Risks

The Department of Fisheries and Oceans Canada (DFO) has the lead federal role in managing Canada's fisheries and safeguarding its waters. DFO must balance the interests of all resource users (Aboriginal, commercial and recreational) for access to fully subscribed fisheries while supporting conservation and sustainable development, taking into account the interests of provinces, territories, Indigenous groups, fisheries and environmental organizations and the general public.

In 2008, the Commissioner of the Environment and Sustainable Development (CESD) conducted a follow-up audit on the Ecosystems - Control of Aquatic Invasive Species. The objective was to assess the progress that DFO and Transport Canada had made in responding to the recommendations of the CESD 2002 audit on invasive species. Overall, it was concluded that DFO had made unsatisfactory progress in assessing the risks posed by aquatic invasive species.

The objective of the 2002 CESD audit on Invasive Species was to determine whether the federal government had mounted an effective response to the invasive species problem since signing the United Nations Convention on Biological Diversity, and particularly since finalizing the Canadian Biodiversity Strategy. Overall, it was concluded that the federal government had not taken effective action to prevent the introduction of invasive species that threaten Canada's environment or to control or eradicate them.

Furthermore, Senior Departmental Officials reported concerns with the Aquatic Invasive Species Program and requested that an audit be included in the three-year audit plan. They indicated that should invasive species successfully colonize in Canadian waters, the Department would be unable to respond directly and would have to rely on partners (provinces) to respond. Other concerns reported were the over-reliance on partnerships, the limited capacity to deliver the program and the governance structure.

The audit could assess the governance structure and/or control framework in place to ensure the program is functioning as intended and the compliance with relevant policies and directives. Moreover, the audit could cover key priorities identified in the 2015 Minister's Mandate Letter in terms of relationship with Indigenous Peoples.

FISCAL YEAR 2019-20

New Projects to be Initiated in 2019-20

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
Internal Services	Inventory Management	Assurance	Audit Report	High	Financial and Asset Management Governance and Strategic Management	Infrastructure Risk Information for decision making	TBD	TBD	TBD	TBD

Background and Engagement Specific Risks

Inventory Management has been identified as a high risk area by Departmental officials. Concerns with regards to the accuracy of the value of inventory materiality were reported.

Furthermore, Senior Management reported that the ownership and management of inventory and assets between departmental stakeholders were unclear. The Chief Financial Officer (CFO) Sector demonstrated interest in including inventory theft within the scope of the audit.

The audit and the use of technology-assisted auditing techniques could assist in identifying risk areas, control issues and discrepancies in financial information.

The audit could provide assurance that the internal controls over inventory management are adequate to ensure process effectiveness, compliance with policies, and accuracy of financial information.

The audit could include an assessment of the management practices in place that relate to the planning, acquisition, tracking, monitoring, safeguarding, and disposal of inventory.

FISCAL YEAR 2019-20

New Projects to be Initiated in 2019-20

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
Financial Management	Grants and Contributions	Assurance	Audit Report	High	Financial and Asset Management Management of Policy and Programs Governance and Strategic Management	Program Delivery Risk	TBD*	TBD	TBD	TBD

Background and Engagement Specific Risks

Transfer payment is a monetary payment, or a transfer of goods, services or assets. Transfer payments are categorized as grants, contributions and other transfer payments. The government is committed to ensuring that transfer payments are managed in a manner that respects sound stewardship and the highest level of integrity, transparency, and accountability. Moreover, the government is resolved to ensuring that transfer payment programs are designed, delivered and managed in a manner that is fair, accessible and effective for all involved – departments, applicants and recipients.

The Chief Financial Officer (CFO) is currently reviewing transfer payment activities to develop a departmental framework for Grants and Contributions. The Internal Audit Directorate is currently assisting the CFO by conducting a compliance review of Grants and Contributions project files.

In 2011, an internal audit of Small Craft Harbours Divestiture Class Grant Program (SCH-DCGP) was conducted. The audit objective was to assess whether effective policies, management practices, procedures, and controls were in place; and whether the SCH-DCGP was conducting its activities in compliance with Treasury Board's Policy on Transfer Payments. Overall, the audit concluded that the financial controls ensured payments were made in accordance with the Financial Administration Act. The funding agreements complied with the Policy on Transfer Payments including the Terms and Conditions of the SCH-DCGP. Nonetheless, the audit identified opportunities for improvement in the areas of performance measurement, program information, and program delivery.

In 2008, an internal audit of DFO Grants and Contributions Program was conducted. The audit objective was to provide assurance that payments were made in compliance with the Terms and Conditions of the Program and the Financial Administration Act; and that the appropriate funding instrument was being utilized. Overall, the audit concluded that the Management Control Framework was well designed; and that there were no instances in which payments exceeded the amount stated in the Agreements. However; the audit observed that processes were not always followed as intended, and that there was a lack of documentation to support payments.

It is proposed that the audit on Grants and Contributions be initiated in 2019 given that the Assessment of Grants and Contributions Framework, conducted by the CFO, would have been completed. The audit could provide assurance that the Management Control Framework for Grants and Contributions is being executed in accordance with the objectives set out in Treasury Board's *Policy on Transfer Payments*.

*It is currently anticipated that this engagement be conducted in Q4 of 2019-2020. However, the timing of this engagement will be reassessed annually as part of the Risk-Based Audit Plan update to determine whether it should be postponed to 2020-2021.

5.0 AUDIT RESOURCES

5.1 SUMMARY OF RESOURCE AVAILABILITY AND CAPACITY

In 2017-18, the Internal Audit Function will be delivered through 22 full-time equivalents (FTEs). The following table summarizes the planned resource utilization by activity:

Planned Resources Utilization for 2017-18	Full-Time Equivalent – Estimates *
Assurance and Consulting Engagements as per RBAP	12.0
Corporate Activities	1.5
Risk-Based Audit Plan	0.8
Quality Assurance and Improvement Program	1.3
External Liaison	1.0
Support to Departmental Audit Committee	0.8
Human Resources, Finances, Administrative and Support Services	2.1
Strategic Corporate Planning and Reporting	0.5
Branch Management	1.4
Data Analytics	0.0
Language Training	0.6
Total	22.0

Resource capacity was determined taking into consideration the current staffing level and planned staffing actions. That being said, it should be noted that with the planned staffing actions, it is anticipated that the Internal Audit Function will eventually be delivered through 22 FTEs.

** The numbers presented are estimated.*

5.2 STATEMENT ON THE ADEQUACY OF RESOURCES

Planned Audit work for fiscal year 2017-18, summarizes the estimated internal resources, contractor and travel costs required for each audit in 2017-18.

The resource needs are adequately covered by the Internal Audit Directorate's full-time equivalents while allowance is made for management action plan follow-up activities, liaison with the Office of the Auditor General and other central agencies, support to the Departmental Audit Committee, quality assurance and improvement program, professional practices, administrative support, leave and training. Should the Internal Audit Directorate budget in future years remain comparable, it is expected that resources will be adequate for 2018-19 and 2019-20.

In addition, the Internal Audit Directorate possesses the knowledge and competency required to carry out the audit engagements included in the Risk-Based Audit Plan. The majority of the Internal Audit Directorate Staff possess a Certified Internal Auditor (CIA), Certified Government Auditing Professionals (CGAP) and/or Certification in Risk Management Assurance (CRMA). In addition, several employees have experience and received training in the use of Audit Command Language (ACL), a data analysis software. Several employees have accounting designations and some have a Certified Fraud Examiner (CFE)

certification. Although the Internal Audit Directorate possesses a broad range of competencies, in the case where a specific expertise is required and not available in-house, internal audit resources may be supplemented by external resources as required.

6.0 SUMMARY OF AUDIT COVERAGE

APPENDIX A - COVERAGE OF PROGRAM ALIGNMENT ARCHITECTURE

Appendix A summarizes audit coverage of the audit universe by Program Activity.

APPENDIX B - RECENT AND ONGOING EXTERNAL AUDITS

Appendix B summarizes recent and on-going external audits.

APPENDIX C - COVERAGE OF DEPARTMENTAL PRIORITIES

Appendix C summarizes audit coverage of the departmental priorities. Some audit engagements address more than one departmental priority.

APPENDIX D - COVERAGE BY AGENCY/SECTOR

Appendix D summarizes audit coverage by Sector/Agency.

7.0 APPROVALS

The Risk-Based Audit Plan was presented at the Departmental Audit Committee on March 10, 2017. The Plan was recommended for approval by the Departmental Audit Committee and approved by the Deputy Minister.

APPENDIX A – COVERAGE BY PROGRAM ALIGNMENT ARCHITECTURE

COVERAGE	PROGRAM ACTIVITIES
2017-2018	
Audit of Occupational Health and Safety	Internal Services
Audit on the Management of Laboratories	Internal Services
Continuous Auditing - Pilot	Internal Services
Consulting Engagement - Data Quality	Internal Services
Audit of the Icebreaking Services	Marine Navigation
	Marine, Communications and Traffic Services, Maritime Security
Consulting Engagement - CCG Fleet Plan	Fleet Operational Readiness, Marine Navigation
Regional audit	Internal Services
2018-2019	
Audit of the Environmental Response Program	Environmental Response Services / Maritime Security
Audit of Species at Risk	Species at Risk
Audit of Real Property	Internal services
Audit of Staffing	Internal services
Audit of Marine Navigation	Marine Navigation
Audit of Compliance and Enforcement	Compliance and Enforcement
Follow-up audit of Fraud Management	Internal Services
2019-2020	
Audit of Indigenous Partnerships	Aboriginal Strategies and Governance
Audit of the Incident Command System	Environmental Response Services
Audit of Classification	Internal services
Audit on the use of Science in decision-making	All
Audit of the Inventory Management	Internal Services
Audit of Aquatic Invasive Species	Fisheries Protection
Audit of Grants and Contributions	Financial Management

APPENDIX B – RECENT AND ONGOING EXTERNAL AUDITS

Office of the Comptroller General - Horizontal Audits	
Audit Title	
Horizontal Internal Audit of Information Management in Large and Small Departments – Tabled in October 2016	

Audit of the Office of the Auditor General / Commissioner of the Environment and Sustainable Development	
Audit Title	
Performance Audit of Aquaculture - To be tabled in Spring 2018	
Performance Audit of Management of Scientific Personnel – To be tabled in Fall 2017	
Performance Audit of Climate Change Adaptation - To be tabled in Fall 2017	
Sustaining Canada's Major Fish Stocks—Fisheries and Oceans Canada – Tabled in Fall 2016	
Implementing the Labrador Inuit Land Claims Agreement – Tabled in Fall 2015	
Departmental Progress in Implementing Sustainable Development Strategies – Tabled in Fall 2015	

Office of the Privacy Commissioner of Canada	
Audit Title	
Audit on privacy and portable storage devices – Tabled in December 2015	

Public Service Commission	
Audit Title	
System-Wide Staffing Audit (Pilot) – To be completed in Fall 2017	

APPENDIX C – COVERAGE OF DEPARTMENTAL PRIORITIES

Fisheries and Oceans Canada Priorities	Planned Audit Engagements 2017-2020
1. Improving fisheries and aquaculture management and outcomes, and enabling access to export markets for Canadian fish and seafood, through concrete reforms informed by sound science as well as stakeholder and Aboriginal engagement.	<ul style="list-style-type: none"> • Management of Laboratories • Aquatic Invasive Species • Species at Risk • Compliance and Enforcement • Indigenous Partnerships • Use of science in decision-making
2. Renewing Canadian Coast Guard Assets and Service Delivery	<ul style="list-style-type: none"> • Environmental Response Program • Incident Command System • Inventory Management • Icebreaking Services • Marine Navigation • CCG Fleet Plan
3. Supporting sustainable resource development through sound science, policy and program changes, and modernized regulatory frameworks.	<ul style="list-style-type: none"> • Management of Laboratories • Aquatic Invasive Species • Indigenous Partnerships • Use of science in decision-making
4. Advancing management and operational excellence to modernize and continue to improve the design and delivery of programs and services.	<ul style="list-style-type: none"> • Occupational Health and Safety • Management of Laboratories • Environmental Response Program • Real Property • Inventory Management • Incident Command System • Icebreaking Services • Continuous Auditing - Pilot • Data Quality • Staffing • Fraud Management • Classification • Grants and Contributions • Regional audit

APPENDIX D – COVERAGE BY AGENCY/SECTOR

2017-2018	CCG	CFO	EFM	EOS	HRCS	SP	TBD
1 Audit of Occupational Health and Safety					x		
2 Audit on the Management of Laboratories				x			
3 Continuous Auditing – Pilot		x			x		x
4 Consulting engagement - Data Quality							x
5 Audit of the Icebreaking Services	x						
6 Consulting engagement - Building Fleet Plan	x						
7 Regional audit							x
2018-2019							
1 Audit of the Environmental Response Program	x						
2 Audit of Species at Risk			x				
3 Audit of Real Property					x		
4 Audit of Staffing					x		
5 Audit of Marine Navigation	x						
6 Audit of Compliance and Enforcement			x				
7 Follow-up audit of Fraud Management		x			x		
2019-2020							
1 Audit of Indigenous Partnerships		x	x				
2 Audit of the Incident Command System	x						
3 Audit of Classification					x		
4 Audit on the use of Science in decision-making			x			x	
5 Audit of Inventory Management		x					
6 Audit of Aquatic Invasive Species			x				
7 Audit of Grants and Contributions		x					



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Internal Audit Directorate

Risk-Based Audit Plan 2018-2020

March 22, 2018

FOREWORD

This document contains the final Risk-Based Audit Plan from 2018-19 to 2019-20 for Fisheries and Oceans Canada.

This Plan is presented to the Departmental Audit Committee for review and recommendation for approval by the Deputy Minister. The Plan may be updated during the year, as required, based on an assessment of risks. As such, the timing or scope of some engagements may change. Any adjustments or changes will be presented to the Departmental Audit Committee for recommendation to the Deputy Minister for approval.

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1.0 - INTRODUCTION

Fisheries and Oceans Canada is responsible for developing and implementing policies and programs in support of Canada's scientific, ecological, social and economic interests in oceans and freshwaters. The Canadian Coast Guard, a Special Operating Agency within Fisheries and Oceans Canada, is responsible for services and programs that contribute to the safety, security and accessibility of Canada's waterways. The Canadian Coast Guard also contributes to the objectives of other government organizations through the provision of a civilian fleet and a broadly distributed shore-based infrastructure.

The Department's guiding legislation includes the *Fisheries Act*, which confers responsibility to the Minister for the management of fisheries, habitat and aquaculture and the *Oceans Act*, which charges the Minister with leading oceans management and providing Canadian Coast Guard and hydrographic services on behalf of the Government of Canada. The Department also shares, with Environment Canada and Parks Canada, responsibility for the *Species at Risk Act*, which charges the Minister with the responsibilities associated with the management of aquatic species at risk in Canada.

Fisheries and Oceans Canada's Internal Audit Directorate plays an important role in supporting the Department's operations by providing assurance and consulting services in relation to all important aspects of departmental strategies, systems, practices and management control frameworks consisting of governance, risk management, and internal controls. Where control weaknesses exist and where the achievement of Fisheries and Oceans Canada's objectives may be at risk, the Internal Audit Directorate plays a role in providing constructive insight and recommendations for the strengthening of departmental operations. In this way, the Internal Audit Directorate contributes to enhanced departmental accountability and performance.

The Government of Canada's Standards for the professional practice of internal audit are based on the International Standards for the Professional Practice of Internal Audit prescribed by the Institute of Internal Auditors. The Standards stipulate that the role of internal audit is to provide assurance that the system of internal control is adequate and effective to manage risk at a level that is acceptable to management.

The internal audit function in the federal government is guided by the 2017 Treasury Board (TB) *Policy on Internal Audit*. The objective of this policy is to ensure that the oversight of public resources throughout the federal public administration is informed by a professional and objective internal audit function that is independent of departmental management. The expected results of the *Policy on Internal Audit* include the following:

- Deputy heads are supported in their role as accounting officer, as defined in section 16.4 (1) and 16.4 (2) of the Financial Administration Act, by an internal audit function that contributes directly and proactively to improving risk management, control and governance; and
- Deputy heads receive assurance and advice from their Departmental Audit Committees and internal audit function to inform decision making in their departments.

In line with the TB *Policy on Internal Audit* and supporting TB *Directive on Internal Audit* the main responsibilities of the internal audit function and the Chief Audit Executive include:

- Applying the Institute of Internal Auditors' International Professional Practices Framework in the department, unless the framework is in conflict with the Treasury Board Policy on Internal Audit or its directive; if there is a conflict, the policy or directive will prevail;

- Establishing at least annually, and updating as required, a departmental risk-based audit plan that: spans multiple years; focuses primarily on providing assurance services; is recommended by the Departmental Audit Committee and approved by the deputy head; and which considers the following:
 - Departmental areas of high risk and significance;
 - Horizontal audits led by the Comptroller General;
 - Planned audits led by external assurance providers and other departments as appropriate; and
 - Other oversight engagements, including, where the necessary expertise and capacity are in place, the option to provide consulting services to the organization, as a supplement to the assurance role and in accordance with the Institute of Internal Auditors' International Professional Practices Framework.
- Ensuring that the deputy head and the Departmental Audit Committee are aware of the resource requirements for the internal audit function and the impact of resource decisions;
- Ensuring the timely completion of internal audit engagements;
- Reporting at least annually to the deputy head on whether the actions scheduled by management in response to audit recommendations, both internal and external, have been implemented; and
- Ensuring that internal auditors have the appropriate qualifications, skills, and opportunities to maintain and develop their internal auditing competencies.

This Risk-Based Audit Plan is a key component of a rigorous audit regime delivered by qualified audit professionals that contributes to the effectiveness of governance, risk management and internal controls over the delivery of Fisheries and Oceans Canada's programs and corporate activities.

1.1 BACKGROUND

The development of the Risk-Based Audit Plan is consistent with the requirements of the Treasury Board *Policy on Internal Audit*, and the Plan is based on an assessment of risks that could adversely affect Fisheries and Oceans Canada. A collaborative and consultative approach has been used to identify and assess the most significant risks faced by the Department. This included the consultation of several internal and external sources of information as well as consultations with the members of the Executive table.

In developing the Risk-Based Audit Plan for 2018-2020, the Internal Audit Directorate took into consideration the current environment in which the Department is operating and the transformational changes it is implementing, including (but not limited to) the priorities identified in the Minister's Mandate Letter issued in August 2016, the launch of the \$1.5 billion national Oceans Protection Plan, as well as the implementation of Comprehensive Review.

1.2 PURPOSE

This document, developed by the Internal Audit Directorate, outlines the Risk-Based Audit Plan for Fisheries and Oceans Canada. The Risk-Based Audit Plan has been designed with the objective of:

- identifying the priorities of the internal audit activity based on an assessment of risk and potential exposure that may affect Fisheries and Oceans Canada entities' ability to accomplish their objectives;

- coordinating activities with external assurance service providers and ensuring that government-wide audits led by the Comptroller General are taken into account to ensure proper coverage and minimize duplication of effort;
- ensuring the provision of services that are predominantly assurance-based; and
- allocating internal audit resources to those areas that represent the highest risk and significance.

The Plan provides the Deputy Minister, the Executive Table and the Departmental Audit Committee with a detailed schedule of planned activities for 2018-19 and an overview of potential areas for audit engagements for the following year.

This Plan includes the following sections:

- Internal Audit Directorate (**Section 2**)
- Approach/Methodology (**Section 3**)
- Audit Plan Summary (**Section 4**)
- Audit Resources (**Section 5**)
- Summary of Audit Coverage (**Section 6**)

2.0 - INTERNAL AUDIT DIRECTORATE

2.1 ORGANIZATION

The Department's internal audit activity is led by the Chief Audit Executive who reports directly to the Deputy Minister. The Chief Audit Executive is responsible for establishing a multi-year Risk-Based Audit Plan consistent with the Department's objectives and priorities, and for maintaining a quality assurance and improvement program to monitor the Internal Audit Directorate's effectiveness. The Chief Audit Executive is also responsible for ensuring internal audit resources are professionally qualified and appropriately trained. In addition, the Chief Audit Executive communicates relevant information, including internal audit findings, to senior management, the Departmental Audit Committee, the Deputy Minister and, as appropriate, the Office of the Comptroller General.

The Internal Audit Directorate consists of two functions namely Internal Audit Services and Professional Practices, led by a senior director and a director respectively, both reporting to the Chief Audit Executive. The Internal Audit Services function is responsible for providing assurance and consulting services while the Professional Practices function supports the internal audit activity and is responsible for the quality assurance and improvement program, external audit liaison services and the Departmental Audit Committee secretariat.

2.2 DEPARTMENTAL AUDIT COMMITTEE

The Departmental Audit Committee is an essential part of the Department's governance structure and of the audit regime established by the *TB Policy on Internal Audit*. The Departmental Audit Committee provides the Deputy Minister with independent, objective advice, guidance and assurance on the adequacy of the Department's risk management, controls, governance processes and audit capacity.

In order to fulfill its role, the Departmental Audit Committee is responsible for the following:

- Providing objective advice and recommendations to the deputy head on the sufficiency, quality and results of internal audit engagements related to the adequacy and functioning of the department's frameworks and processes for risk management, control and governance;
- Using a risk-based approach, reviewing all areas of responsibility for the Departmental Audit Committee related to departmental management, control and accountability processes as determined by the Comptroller General of Canada; and
- Providing advice and recommendations on matters for which the deputy head, as accounting officer, is responsible and on other related matters as needed or requested by the deputy head.

The Departmental Audit Committee is composed of the Deputy Minister, the Associate Deputy Minister and three external members. The Committee is chaired by one external member. In addition, the Commissioner of the Canadian Coast Guard, the Chief Financial Officer, the Senior General Counsel, the Assistant Deputy Minister Human Resources & Corporates Services and the Chief Audit Executive are permanent observers of the Departmental Audit Committee.

2.3 RESOURCES

The total budget (salary, operations and maintenance funding) of the Internal Audit Directorate for fiscal year 2018-19 will be approximately \$3 million. With the planned staffing actions, it is anticipated that the internal audit function will be delivered through 25 full-time equivalents in 2018-19.

2.4 INTERNAL AUDIT SERVICES

Internal audit takes a disciplined, evidence-based approach to provide assurance that key systems and processes are appropriately designed and are functioning as intended. As a complement to its assurance role, and within its sphere of expertise, the Internal Audit Directorate also provides consulting services.

This Risk-Based Audit Plan factors in the needs for consulting services to best support management while maintaining Internal Audit's objectivity.

Sections 2.4.1 and 2.4.2 describe the various assurance and consulting services provided by the Internal Audit Directorate.

2.4.1 Assurance Services (Internal Audits and Reviews)

Planned Internal Audits

Audits provide reasonable assurance against defined criteria, following professional internal auditing standards, and assurance standards. The scope of audit engagements is defined via a formal planning phase that includes a comprehensive risk assessment of the entity being audited. Areas selected for audit are based on an annual risk based planning exercise.

Directed Internal Audits

Directed audits provide reasonable assurance in response to ad-hoc request(s) made by the DM, DMA, Commissioner, DCs, ADMs or DAC in response to accountability concerns in a particular area. Scope is defined via a formal planning phase that includes a comprehensive risk assessment of the entity being audited.

Review

Review engagements provide an objective assessment of a particular area without the same rigour or examination and/or testing of an audit. While not designed to provide reasonable assurance, it can provide management with moderate assurance. May be requested by management or initiated by the IAD.

Continuous Audit

A continuous auditing program provides ongoing and independent assessments of internal control frameworks. By utilizing a methodology or a framework that employs audit testing procedures combined with automated tools (for data extraction and analysis), it provides assurance on financial and non-financial data.

2.4.2 Consulting Services

Control / Risk Assessment

This type of engagement provides a detailed control/risk assessment of a particular area and a preliminary assessment of established control processes. The control/risk assessment may lead to recommendations or may then be used to inform additional work which may be required (internal or external).

Advice

Advisory engagements encompass formal and informal processes which may be planned or ad hoc and may be requested by management or initiated by the IAD. The scope may include identification of control weaknesses and/or significant accountability risks.

2.5 Professional Practices

2.5.1 Quality Assurance and Improvement Program

Pursuant to the Treasury Board *Policy on Internal Audit*, the Government of Canada adopted the *Institute of the Internal Auditors International Professional Practices Framework* as part of the Government of Canada Internal Audit Standards. As part of the Standards, the Chief Audit Executive is responsible to develop and maintain a quality assurance and improvement program, including the conduct of an external quality assessment of the internal audit function at least every five years.

The activities of the quality assurance and improvement program also include an internal quality assessment of all phases of an audit. To complement its quality assessment activities at the audit

engagement level, the Directorate performs internal assessments at the audit function level. The last assessment was performed during Summer 2017.

The Internal Audit Directorate had an external practice inspection conducted during the Fall of 2015. Consequently, the IA Activity was found to be Generally Conforming to the requirements of the *TB Policy on Internal Audit* and the associated Directive, and the *IIA Standards*.

2.5.2 Liaison with the Office of the Auditor General and other External Assurance Providers

The Internal Audit Directorate's management of liaison activities with the Office of the Auditor General, the Office of the Comptroller General, and other external assurance providers helps ensure that the activities of the Department are represented accurately, fairly and in a balanced manner. Various activities are carried out to ensure positive working relationships and effective coordination of all external audit work. Specifically, this includes providing assistance and advice to departmental officials throughout the conduct of audits, negotiating acceptable timeframes for providing requested material, as well as collaborating with others when validating the factual content of audit reports and preparing departmental responses.

In addition, ministerial responses to petitioners with regards to environmental petitions are coordinated with the appropriate Agency/Sectors.

2.5.3 Follow-up on Management Action Plans

The Internal Audit Directorate actively and vigorously monitors and reports on the implementation of approved Management Action Plans to address internal audit recommendations, as well as recommendations stemming from external audits performed by the Office of the Auditor General and other external assurance providers. As part of the follow-up process, the Internal Audit Directorate requests updates from management, assesses and validates corrective measures that have been taken and determines whether the actions carried out are appropriate.

The Internal Audit Directorate has a strong follow-up process. Status updates are requested on a semi-annual basis from the auditees and a summary is presented at the Departmental Audit Committee meeting for approval. The process also involves assessing the risks associated with delays in implementation. When the implementation of a Management Action Plan is delayed, the representative from the relevant Agency/Sector is required to attend the Departmental Audit Committee meeting to explain the reasons for the delays and to request an extension.

When there is a high risk that the corrective actions may not be completed as reported by the auditee, the Internal Audit Directorate may conduct a more comprehensive follow-up audit. Follow-up audit reports are tabled and approved at the Departmental Audit Committee and posted on the Directorate internet site and provided to the Office of the Comptroller General, as for regular internal audit engagements.

2.5.4 Departmental Audit Committee Secretariat

The Internal Audit Directorate provides administrative and logistical support to the Departmental Audit Committee members in order to coordinate and organize the meetings. This includes the preparation of the Committee meeting agenda, and the collecting and assembling of meeting material into electronic

binders for submission to Departmental Audit Committee members two weeks in advance of each meeting. The Internal Audit Directorate also provides support for the preparation of the Departmental Audit Committee Annual Work Plan and Report.

2.5.5 Liaison with the Office of the Comptroller General and participation in their Horizontal Internal Audits

As outlined in the Treasury Board *Policy on Internal Audit*, the Internal Audit Directorate must consider government-wide audits led by the Comptroller General when developing the Risk-Based Audit Plan. Horizontal audits planned by the Office of the Comptroller General were taken into account in the 2018-2020 Risk-Based Audit Plan.

The Office of the Comptroller General has adopted a collaborative approach in conducting horizontal internal audits by sharing the work between the Office of the Comptroller General and the Internal Audit groups in departments. When conducting a horizontal audit in large departments and agencies, the Office of the Comptroller General performs the planning of the audit and prepares the audit work programs including the steps to take for documentation review and interview questionnaires. The Office of the Comptroller General then requires the Internal Audit Directorate of the participating departments to provide audit resources (normally one or two) to complete the examination phase. Each department may decide to expand the scope of a horizontal audit to address matters of significance specific to their department.

3.0 - APPROACH/METHODOLOGY

3.1 PLANNING PROCESS

This Plan represents an update of the Risk-Based Audit Plan for 2017-2020 that was supported by the Departmental Audit Committee and approved by the Deputy Minister in March 2017.

The Risk-Based Audit Plan for 2018-2020 was developed in accordance with the Treasury Board *Policy on Internal Audit*. The procedures taken to develop the 2018-2020 Risk-Based Audit Plan were based on the Office of the Comptroller General Practice guidebook entitled "Internal Audit Planning for Departments and Agencies" as well as best practices/areas of improvement found during last year's update. Fisheries and Oceans Canada's 2017-18 Program Alignment Architecture was used to develop the audit universe. This universe represents the inventory of auditable entities in the department organized by strategic outcome.

Building on last year's assessment and process, the internal audit team undertook the following activities to identify high-risk areas and subsequently develop the Risk-Based Audit Plan for 2018-2020:

- defining the audit universe;
- document review;
- OPP risk assessments; and
- Consultations with senior management and the Departmental Audit Committee.

The following sub-sections describe these steps in more detail.

3.1.1 Audit Universe

The Department's activities are organized under three strategic outcomes:

- Economically Prosperous Maritime Sectors and Fisheries;
- Sustainable Aquatic Ecosystems; and
- Safe and Secure Waters.

These strategic outcomes are the basis of the Department's Program Alignment Architecture for 2017-18. The Program Alignment Architecture is an inventory of all the programs and activities undertaken by the Department. The Program Alignment Architecture was a major input into the definition of the audit universe which forms the basis for selecting areas to audit, defines the potential scope of the internal audit activity and is comprised of major auditable units that may be subject to audit. It is the starting point of the Risk-Based Audit Plan. As the Department is transitioning to implementing the new Policy on Results, the audit universe will be revisited as part of next year's assessment to ensure it is aligned with key core responsibilities and program inventories.

3.1.2 Document Review

In order to update the Risk-Based Audit Plan for 2018-2020, the audit team undertook a review of relevant documents to identify potential areas of high risk. The following documents were consulted:

- Fisheries and Oceans Canada's Program Alignment Architecture;
- Fisheries and Oceans Canada's Corporate Risk Profile;
- Fisheries and Oceans Canada's Departmental Results Report;
- Fisheries and Oceans Canada's Departmental Plans;
- Fisheries and Oceans Canada's Evaluation Plan;
- Fisheries and Oceans Canada's Internal Audit and Evaluation Reports;
- Past and Current Audit Reports from external assurance providers; and
- Fisheries and Oceans Canada's departmental priorities.

In addition, the audit team considered all commitments and priorities identified in the Minister's Mandate Letter issued in August 2016 as well as the planned audit engagements from external assurance providers.

3.1.3 Oceans Protection Plan Risk Assessments

Given the magnitude of the Oceans Protection Plan (OPP), and the importance of successfully delivering on the many sub-initiatives of the Plan on time and on budget, it is important to ensure adequate audit coverage for this initiative. In light of this, the Internal Audit Directorate undertook program and project level risk assessments, in collaboration with Transport Canada and the Department's OPP Secretariat, and in consultation with the various implicated stakeholders throughout the Department. The risk assessments informed the areas of higher risk at the program level (risk topics common to many initiatives), and sub-initiative level (projects of higher risks) within OPP for inclusion in the 2018-2020 Risk-Based Audit Plan. Based on this exercise and consultations with Senior Management, a number of engagements related to the Oceans Protection Plan were proposed and included under *Section 4 - Audit Plan Summary*. These engagements will provide assurance to the Department that key program

elements are in place and working as intended to support the delivery of the \$1.5 billion Oceans Protection Plan.

In addition to the proposed engagements, a validation exercise of the status of the Oceans Protection Plan Initiatives will be conducted. This validation process will outline the status of each of the sub-initiatives of the Oceans Protection Plan against what is being reported in project dashboards, and may inform future engagements to be included in the Audit Plan. There will be an opportunity to collaborate with Transport Canada in the conduct of this validation exercise.

3.1.4 Consultation process

Consultations were held in the Fall 2017 with members of the Executive Table, as well as key Directors General and Assistant Commissioners of the CCG. They were asked to comment on the audits planned for 2018-20 and to discuss any particular sources of risk to which their organization was exposed.

3.1.5 Priority Risk Assessment of the Auditable Entities

Using all the information collected and analysed through the consultation and document review process, the audit team assessed the risks associated with each auditable entity within the audit universe.

Taking into consideration the presence of risk factors, each entity was assigned a risk score. The audit team's knowledge of the controls in place (if any) was also used for assigning a score for each proposed audit's underlying entity.

Risk factors include:

- Control Environment;
- Time since last engagement;
- Size/Complexity;
- Materiality; and
- Strategic Importance to the Department.

3.1.6 Finalization of the Plan

The Risk-Based Audit Plan was developed taking into consideration the following elements:

- high risk areas;
- resource requirements and availability;
- other factors, such as: management priorities, planned evaluations, etc.; and
- the need for the right balance between assurance and consulting services.

The Plan was presented to the Operations Committee in February 2018. In addition, a conference call with the Departmental Audit Committee members was also held in February 2018. The final version of the Audit Plan is provided in Section 4.

3.2 APPROVAL OF THE RISK-BASED AUDIT PLAN

The Risk-Based Audit Plan is formally updated by the Internal Audit Directorate on an annual basis, reviewed by the Departmental Audit Committee and recommended for approval to the Deputy Minister.

3.3 MONITORING OF THE RISK-BASED AUDIT PLAN

The implementation of the Risk-Based Audit Plan will be monitored on a regular basis throughout the year and regular status updates will be provided to the Departmental Audit Committee.

If/when changes to the Risk-Based Audit Plan are deemed necessary; the Internal Audit Directorate ensures that the principles of the audit planning process are observed and that all resulting decisions are well documented. By following a rigorous process, the Internal Audit Directorate can ensure that new decisions are being made in a consistent and timely manner.

As mentioned previously, the Plan may be updated to address changes. These adjustments will be presented to the Departmental Audit Committee for recommendation to the Deputy Minister for approval.

4.0 AUDIT PLAN SUMMARY

4.1 2018-19 to 2019-20 PLANNED AUDIT WORK

This section outlines the Risk-Based Audit Plan for 2018-2020 and the proposed engagements for the next two years. The engagements will employ audit services that will evaluate the systems of internal control in relation to established criteria.

For year one of the Plan, preliminary audit objectives and scope, as well as resource requirements have been identified. In addition, prior to commencing each proposed engagement, a more detailed risk assessment will be performed to refine the proposed scope and objective to help ensure it addresses the most significant risks. For year two of the Plan, only areas of risk are described. Given the constant evolution of the operating and risk environment, audit project realignment based on a Fisheries and Oceans Canada updated risk assessment is expected at the next Risk-Based Audit Plan update. Preliminary audit objectives and scope as well as resource requirements will be determined at that point.

It should be noted that this Plan is not a budget document and any indication of resource estimates are included only as a reference to the expected level of effort required to complete the engagements identified in the Plan. While it is estimated that the proposed Plan can be accomplished within the budgeted resources (salary, operations and maintenance) allocated for the Internal Audit Directorate, the reader is cautioned that retention levels and recruitment efforts may affect the progress against the Plan in the next two-year period. The Internal Audit Directorate may have to supplement with contracted resources as required. The following table summarizes the proposed audit engagements for 2018-2020.

Proposed list of Internal Audit Engagements for Fiscal Year 2018-2020

2018-2019		OPI
1	Audit of IT Asset Management	HRCS
2	Continuous Auditing	CFO
3	Audit of Firearms	HRCS/FHM
4	Audit of Physical and Personnel Security	HRCS
5	Review of OPP Program Level High Risk Areas	DRU
6	Audit of Grants and Contributions	CFO
2019-2020		
1	Audit of Indigenous Programs	SP
2	Audit of the Incident Command System	CCG
3	Audit of Classification	HRCS
4	Audit on the use of Science in decision-making	SP/FHM/EOS
5	Audit of the Environmental Response Program	CCG
6	Audit of Staffing	HRCS
7	Placeholder – OPP engagement	TBD

Acronyms:

CCG: Canadian Coast Guard
 CFO: Chief Financial Officer
 DRU: Delivery and Results Unit
 EOS: Ecosystems and Oceans Science
 FHM: Fisheries and Harbour Management
 HRCS: Human Resources and Corporate Services
 OPI: Office of Primary Interest
 SP: Strategic Policy
 TBD: To be determined

FISCAL YEAR 2018-19

New Projects to be Initiated in 2018-19

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
Internal Services Information Technology	IT Asset Management	Assurance	Audit Report	High	Governance and Strategic Management, Financial and Asset Management, Information Management	Information Management and Technology Infrastructure	Q3	300	Nil	10k

Background and Engagement Specific Risks

In its 2018-19 Corporate Risk Profile, the Department identified Information Management and Technology as a mission critical risk. More specifically, it noted that the increasing complexity of the information management and technology environments, as well as escalating cybersecurity threats, could impede the Department's ability to meet technology needs and manage information to effectively do business.

Proper IT Asset Management practices are needed to strategically and tactically manage the life cycle of IT assets from purchase to end of life. Not only is IT asset management important to reduce costs, improve operational efficiency, determine the full cost of existing investments and provide accurate cost information to guide future investment decisions, but it can also help identify and manage information risk and security issues across the network.

In the Government of Canada the management of assets - including IT assets - is directed by the Treasury Board (TB) Policy Framework for the Management of Assets and Acquired Services. This framework is supported by additional TB direction addressing IT asset management. This includes the TB Policy Framework for Information and Technology; the Policy on the Management of Materiel; the Guide to Management of Materiel; the Directive on the Disposal of Surplus Materiel, etc.

Accountability for government assets is a serious responsibility. Through interviews, Senior Management reported concerns with the management of IT assets and indicated that there is a risk that critical IT assets supporting departmental business activities could be threatened, compromising their confidentiality, integrity, and availability.

In light of this, an audit of IT Asset Management will be conducted in 2018-2019.

Preliminary Audit Objective

Preliminary Audit Scope

The proposed preliminary objective for this audit is to assess whether Information Management and Technology Services (IMTS) has in place an adequate control framework for the management of information technology assets.

It is proposed that the scope of the audit will include an assessment of the IMTS' current state of its IT asset inventory, and an assessment of the adequacy of the controls in place to ensure compliance with relevant policies and directives.

FISCAL YEAR 2018-19

New Projects to be Initiated in 2018-19

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline	Resource Requirements		
Internal Services	Continuous Auditing	Assurance	Audit Report	High	Financial and Asset Management People Management	Information for Decision-Making	Q2	Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
								200	TBD	Nil

Background and Engagement Specific Risks

Continuous auditing, also known as "Technology-assisted auditing", is a methodology which can assist the Internal Audit Directorate (IAD) operate more effectively and efficiently. It enables the IAD to conduct timely, less costly, assurance engagements focused on compliance with policies, procedures and regulations.

For transactional subjects such as Contracting, Travel, Pay and other management processes, a continuous audit framework can be used to assess control effectiveness, identify control deficiencies and detect fraud. Ultimately the goal of continuous auditing is to strengthen monitoring and core controls through the provision of timely assurance.

The Continuous Auditing Program was completed in 2017-2018. Testing of the program will be completed in Q1 and a risk assessment of key controls will be conducted. The assessment will help to identify which controls will be tested through continuous auditing in 2018-19 and subsequent years.

It is expected that this engagement will provide insight on the effectiveness and efficiency of key controls; and enhance internal control processes; and reduce duplicate or redundant controls.

Preliminary Audit Objective	Preliminary Audit Scope
The proposed preliminary objective for this audit is to assess whether key controls are adequate and/or efficient for the application of DFO's Financial Management Framework.	The proposed scope of the audit could include the monitoring and assessment of internal controls in key areas such as acquisition cards, contracting and supplier payments, travel and hospitality, and/or pay and management of personal information. Additionally, the proposed assessment of internal controls will focus on compliance with relevant Treasury Board Policies and Directives, and the Financial Administration Act.

FISCAL YEAR 2018-19

New Projects to be Initiated in 2018-19

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
Internal services	Firearms	Assurance	Audit Report	High	Financial and Asset Management	Legal	Q3	300	Nil	10K

Background and Engagement Specific Risks

In 2017, an internal audit of Occupational Health and Safety (OHS) was conducted. The audit focused on the areas of governance, risk management and control processes and had as its objective to assess the adequacy of the Department's OHS Program. During this audit, the audit team was informed that the CCG and DFO had a number of firearms that were not used for enforcement-related activities. Concerns were raised as to the management of these firearms including storing, transporting and training. Further, given their infrequent use, concerns about whether they were being appropriately maintained were also identified.

Without a detailed inventory of all firearms and ammunition in the Department, along with maintenance records and regular reviews of the need for these firearms by Senior Management, there is an increased risk of injury or misuse of firearms at the Department. Based on the findings stemming from the Audit of Occupational Health and Safety, and discussions with Senior Management and the Departmental Audit Committee, it was determined that an audit on this topic be included in the audit plan.

Preliminary Audit Objective

Preliminary Audit Scope

The proposed preliminary objective for this audit is to assess whether the CCG and DFO have a control framework in place for the management of firearms.

The proposed scope of the audit could include an assessment as to whether the controls in place are adequate and/or effective to ensure proper training, handling, use and storage of firearms in conformance with relevant regulations, policies and directives.

Table 1: 2018-19

New Projects to be initiated in 2018-19

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
Internal Services	Physical and Personnel Security	Assurance	Audit Report	High	Governance and Strategic Management, Public Sector Values, Financial and Asset Management	Information Management and Information Technology Legal Challenges	Q3	300	Nil	Nil

Background and Engagement Specific Risks

Physical security is the protection of personnel and assets from physical actions and events that could cause serious loss or damage to an institution. Protection of government employees and assets is a key element of the *Policy on Government Security* which establishes the government-wide security requirements necessary to support the continued delivery of services to Canadians.

Personnel security is key to establishing and maintaining the foundation of trust within government and between government and Canadians. A personnel security evaluation is conducted based on the collection of a variety of personal information in order to assess an individual's reliability and loyalty to Canada. In all cases, individuals must be officially granted the required security status and/or security clearance, before they are assigned duties or assigned to a position, and/or before they are granted access to sensitive information, assets or facilities.

The *Policy on Government Security* and its supporting directives and standards require ongoing assessments of risk to select, implement, monitor and maintain controls aimed at preventing, detecting, responding to and recovering from security incidents. As per the *Policy on Government Security*, Deputy heads are accountable for the effective implementation and governance of security and identity management within their departments and share responsibility for the security of government as a whole. This comprises the security of departmental personnel, including those working in or for offices of Ministers or Ministers of State, and departmental information, facilities and other assets.

In 2016, an internal audit of Management of Occupational Health and Safety and Physical Security in Laboratories was conducted. The audit focused on physical security, safety and occupational health for laboratories and auxiliary spaces within the institutes and experimental centres that Ecosystems and Oceans Science Sector operates from. Overall, the audit concluded that a strong occupational health and safety culture existed in laboratories despite the fact that the formal requirements of the occupational health and safety program were not always being met. In addition, it was concluded that physical security requirements were not always being assessed, implemented and adhered to at laboratory facilities, putting the Department's employees and assets at risk.

Without adequate and effective governance structures and processes in place for physical and personnel security, there is an increased risk that assets and employees are not properly safeguarded from harm resulting from threats and vulnerabilities in the physical environment. Senior Management reported concerns with the management of physical and personnel security and proposed that an audit on this topic be included in the audit plan.

Preliminary Audit Objective

Preliminary Audit Scope

The proposed preliminary objective for this audit is to assess whether the Department has in place an adequate and/or effective control framework for the management of physical and personnel security.

It is proposed that the scope of the audit will include an assessment of the adequacy and/or effectiveness of the control framework in place, including the design, the structures and processes in place to ensure compliance with relevant policies and directives.

FISCAL YEAR 2018-19

New Projects to be Initiated in 2018-19

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
Environmental Response Services Marine Navigation Marine Communications and Traffic Services Maritime Security	Oceans Protection Plan Program Level High Risk Areas	Assurance	Review Report	High	Governance and Strategic Management Leadership and Strategic Direction Management of Service Delivery	Emergency Management Risk Legal Challenges Infrastructure	Q1	300	Nil	10K

Background and Engagement Specific Risks

The Oceans Protection Plan (OPP) is a comprehensive, transformative strategy to build a world-leading marine safety system and protect Canada's marine ecosystems. The implementation of the OPP involves four federal departments: the Department of Fisheries and Oceans (DFO)/Canadian Coast Guard (CCG), Transport Canada (TC), Environment and Climate Change Canada (ECCC), and National Resources Canada (NRCan). Through an approved joint interdepartmental Treasury Board Submission of \$1.46 billion, the OPP has been translated into 57 sub-initiatives. The majority of the funding (63%) and initiatives (38/57) rest within DFO and CCG.

Moreover, the OPP also addresses the Ministers' mandate letter commitments to improve marine safety; and re-open the Maritime Rescue Sub-Centre in St. John's, while advancing the Government's broader objectives of reconciliation with Indigenous Peoples, protection of the environment, and economic growth for the middle class. Through certain initiatives, it provides initial actions towards meeting the Mandate commitment to work with provinces, territories, and Indigenous groups and other stakeholders to better co-manage Canada's oceans.

The IAD conducted program and project level risk assessments for the OPP. This approach was undertaken in collaboration with TC (in consultation with ECCC and NRCan). The objective was to identify potential joint audit projects to provide interdepartmental assurance on higher risk areas of mutual interest. Following this exercise and consultations with Senior Management, a review of OPP Program Level High Risk Areas was suggested.

Preliminary Objective

Preliminary Scope

The proposed preliminary objective for this review is to assess the management control framework in place to oversee and manage the implementation of OPP High Risk Areas, such as governance, stakeholder engagement, performance measurement, information management, HR management, etc.

It is proposed that the scope of the review will include an assessment as to whether there are adequate and/or effective governance, controls and mitigation strategies in place to address threats related to the OPP High Risk Areas. Possible collaboration with TC will be considered for this review.

Fiscal Year 2018-19

New Projects to be Initiated in 2018-19

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
Financial Management	Grants and Contributions	Assurance	Audit Report	High	Financial and Asset Management, Management of Policy and Programs, Governance and Strategic Management	Program Delivery Risk	Q4	300	Nil	Nil

Background and Engagement Specific Risks

Grants and Contributions (Gs&Cs) are monetary payments, a transfer of goods, services or assets that support and are relevant to the Department's priorities. These payments include but are not limited to funds for essential community services, for First Nations fisheries development; for support to academic research, and for the conservation and protection of ecosystems and endangered species.

Fisheries and Oceans Canada (DFO) has historically spent roughly \$120 million annually on transfer payments, through various grants and contributions programs. With the implementation of the Oceans Protection Plan, the Department's Gs&Cs spend is expected to increase considerably, nearly doubling past expenditures in this area. In addition to this, the Treasury Board Secretariat (TBS) was mandated by the Prime Minister to instill a culture of innovation in program and policy design and delivery. Consequently, effective April 1, 2017, the TB approved a five-year pilot project to use Generic Terms and Conditions for existing Transfer Payment programs. This included the creation of six new transfer payment funding models.

In light of this, and in follow-up to the file review conducted last year by the Internal Audit Directorate to support the development of a Gs & Cs Framework within the Department, a full audit of grants and contributions within the Department will be conducted in 2018-2019. This audit will serve to ensure that adequate processes and effective controls are in place within the Department to ensure compliance with the TB Transfer Payment Policy and the Financial Administration Act.

Preliminary Audit Objective

Preliminary Audit Scope

The proposed preliminary objective for this audit is to assess whether the Management Control Framework for Grants and Contributions is being executed in accordance with the objectives set out in Treasury Board's Policy on Transfer Payments.

The proposed scope of the audit could include an assessment as to whether the new approaches to the delivery of Transfer Payment programs are executed as intended, and that adequate and/or effective controls are in place for the application of TB's Policy on Transfer Payments.

FISCAL YEAR 2019-20

New Projects to be Initiated in 2019-20

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
Aboriginal Strategies and Governance	Indigenous Programs	Assurance	Audit Report	High	Governance and Strategic Management Management of Policy and Programs	Partnership / Indigenous, Program Delivery, Environmental Change, Legal Challenges	TBD	TBD	TBD	TBD

Background and Engagement Specific Risks

In his mandate letters to all ministers, the Prime Minister called for a renewed, nation-to-nation relationship with Indigenous Peoples, based on recognition of rights, respect, co-operation, and partnership. For DFO and CCG specifically, the mandate letter directs the Minister to work with the provinces, territories, Indigenous Peoples, and other stakeholders to better co-manage Canada's three oceans.

Budget 2017 further reiterated this commitment by providing the Department with funding to support indigenous participation in fisheries, by renewing and expanding the Pacific and Atlantic integrated commercial fisheries initiatives and ensuring that Indigenous communities in coastal and remote communities can build sustainable commercial fishing businesses. The budget also outlined funding for various departments to keep working together with the Inuit, other governments, management organizations, Northern communities and scientists to better understand the last permanent ice-covered region in the Arctic and to explore strategies and management options to protect it; and, reaffirmed the Government's commitments to the Oceans Protection Plan - a \$1.5 billion initiative which aims to improve and support marine safety and responsible shipping, protect Canada's marine environment, and offer new possibilities for Indigenous and coastal communities.

While funding has been provided to help support the Department in renewing the relationship with Indigenous Peoples, this is a transformative time for the Department. As such, as noted in the Department's Corporate Risk Profile, there is a possibility that the Department may not be able to develop and maintain productive relationships with Indigenous groups, communities, organizations and governments impacting its ability to meet priorities both at the Departmental level and within the broader priorities of the Government of Canada.

It is with this context in mind that an Audit of Indigenous Programs within the Department has been added to the list of engagements to be conducted in 2019-2020. Although the audit objectives have not yet been defined, this audit would provide assurance to the Department that progress is being made in order to address key priorities in this area, and that an appropriate management control framework exists to support Indigenous programs.

Table 1001 2019-20

New Projects to be Initiated in 2019-20

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
Environmental Response Services	Incident Command System	Assurance	Audit Report	High	Management of Service Delivery	Emergency Management Information for Decision Making	TBD	TBD	TBD	TBD
Maritime Security										
Background and Engagement Specific Risks										

The Incident Command System (ICS) is an emergency management system used for the command, control, and coordination of emergency response operations. It is a way to organize people, equipment, operations, and communications activities to more effectively manage emergencies. ICS can be used for all kinds of emergencies (ie. oil spills, floods, humanitarian, forest fires, etc.) and works equally well for both small and large complex incidents.

The most recent 2016-17 Departmental Results Report indicated that the Canadian Coast Guard (CCG) made significant progress on the implementation of the Incident Command System as its standard incident response methodology for all-hazard maritime incidents, including ensuring the training of core CCG personnel.

The ICS will improve the CCG's ability to manage responses to marine pollution incidents in collaboration with key emergency response partners. The use of this system will ensure that federal, provincial and First Nations partners with responsibilities and interests related to the operation are able to participate in decision-making, discussions, and planning. Coast Guard personnel from coast to coast will be trained in ICS, ensuring a trained and knowledgeable surge capacity in the event the Coast Guard is called upon to support a large and complex emergency.

Senior Management reported that there is a risk that the Department may experience challenges in responding to hazards and crises. Response capacity differs throughout the organization due to the fact that there are remote sites and many different types of emergencies that can arise. Consequently, the implementation of the ICS for the command, control and coordination of emergency response operations is key for the CCG.

The audit could provide assurance that the Department has put measures in place to ensure that the Incident Command System is adequate and/or effective in order to manage emergency response operations. Moreover, this engagement will support key priorities identified in the Minister's Mandate Letter issued in August 2016 in terms of protecting marine areas as well as monitoring contaminants and pollution in the oceans.

FISCAL YEAR 2019-20

New Projects to be initiated in 2019-20

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
Internal Services	Classification	Assurance	Audit Report	High	Governance and Strategic Management	Program Delivery Workforce	TBD	TBD	TBD	TBD
					Public Service Values					
					Management of Policy and Programs					
Background and Engagement Specific Risks										

Classification is a cornerstone of human resources disciplines such as compensation, staffing, and labour relations. An effective classification management system assists an organization in attracting competent employees and enhancing staff morale, and may have multiple effects on the rest of human resources management.

In our current operating environment, there is a need to increase HR capacity quickly given new funding and the implementation of Government-wide initiatives. Senior Management reported concerns with the classification management system which has resulted in an impact on retention and employee morale. Moreover, there is a risk that the Department may not be able to align resources to future program delivery needs. This is due to human resources capacity, including lengthy internal classification and hiring processes. While an Enablers' readiness office has been put in place to streamline and expedite classification of positions, staffing and onboarding of new staff, the Department is currently anticipating challenges in meeting the capacity and skill-level requirements needed in order to be able to deliver on its commitments made in Budget 2017.

Moreover, the 2018-19 Corporate Risk Profile identified workforce as a key risk. More specifically, there is a risk that the Department may not be able to attract and retain a diverse, high performing and engaged workforce which could impact the ability to deliver its programs.

In 2010, an internal audit of Classification was conducted. The objective was to provide assurance that DFO had an adequate and effective management control framework in place for the classification function. Overall, it concluded that the management control framework governing the department's classification function was mostly in place; however, the audit identified opportunities for improvement in the areas of planning, organizing, client service, monitoring, and performance measurement.

The audit of Classification could assess whether the governance, risk management and/or controls are in place to ensure an adequate and/or effective classification management system. The audit could also follow-up on the implementation of the recommendations included in the 2010 internal audit of Classification.

FISCAL YEAR 2019-20

New Projects to be Initiated in 2019-20

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
All	Use of Science in Decision-Making	Assurance	Audit Report	High	Leadership and Strategic Direction Governance and Strategic Management	Information for decision-making	TBD	TBD	TBD	TBD

Background and Engagement Specific Risks

The Government of Canada is committed to strengthening science in its decision-making and to supporting scientists' vital work. The Minister's mandate letter, issued in August 2016, directly called for the use of scientific evidence and the precautionary principle, and taking into account climate change, when making decisions affecting fish stocks and ecosystem management. Further to this, Budget 2016 included \$197 million to fund ocean and freshwater science activities, to help better understand aquatic ecosystems and support evidence-based management decisions.

In 2016, the Commissioner of the Environment and Sustainable Development (CESD) conducted an audit on Sustaining Canada's Major Fish Stocks. The audit found that because of shortcomings in the data from scientific surveys and third-party observers, the Department could not always define the reference points necessary to classify stocks as being in the healthy, cautious, or critical zone. In response, the Department committed to increasing its monitoring coverage of key areas and species of marine mammals, fish, and invertebrates and developing a long-term plan that provides the opportunity to further address knowledge gaps and align the Department's scientific monitoring activities with key departmental priorities.

The 2018-19 Corporate Risk Profile also highlights concerns with regard to scientific data available to senior management for decision-making. In particular, it was noted that the scientific information or data used for scientific advice and decision making may be generated or collected by third parties leading to uncertainties with respect to the quality, accuracy and timeliness of the information. As a result, there is a risk that the Department may not have access to complete, accurate and timely information which could impede informed and effective decision-making.

This engagement will aim to provide assurance to senior management that the Department has an appropriate management framework in place to ensure scientific evidence is taken into account when making decisions; and that progress is being made in order to address key departmental priorities.

FISCAL YEAR 2015-20

New Projects to be Initiated in 2019-20

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
Environmental Response Services	Environmental Response Program	Assurance	Audit Report	High	Governance and Strategic Direction	Emergency Management	TBD	TBD	TBD	TBD
Maritime Security					Leadership and Strategic Direction	Environmental Change				
Background and Engagement Specific Risks										

The Canadian Coast Guard (CCG) is the lead federal agency for managing the response to all ship-source and mystery pollution spills occurring in the marine environment in waters under Canadian jurisdiction and for the support of countries under international agreements. Through the Environmental Response Program, CCG establishes an appropriate and nationally consistent level of preparedness and response service in Canadian waters; monitors and investigates all reports of marine pollution in Canada in conjunction with other federal departments; and maintains communications with the program's partners, including Transport Canada and Environment and Climate Change Canada, to ensure a consistent approach to the response to marine pollution incidents. The objectives of the Environmental Response Program are to minimize the environmental, economic and public safety impacts of marine pollution incidents.

In 2010, the Commissioner of the Environment and Sustainable Development (CESD) conducted an audit on the Oil Spills from Ships. The audit examined whether Transport Canada, the CCG, and Environment and Climate Change Canada had taken reasonable actions to prepare for and respond to pollution incidents caused by ship-source oil and chemical spills in Canada's Arctic, Pacific, and Atlantic Ocean waters, and the Gulf of St. Lawrence. Out of the nine recommendations included in the report, eight were directed to the CCG.

In November 2013, the Tanker Safety Expert Panel issued the results of their review of Canada's Ship-Source Oil Spill - Phase I. The report included 45 recommendations for strengthening oil tanker safety. Later in September 2014, they issued the Phase II of their review where they concluded that there are opportunities to enhance Canada's prevention, preparedness and response requirements for the Arctic, hazardous and noxious substances to better protect the public and the environment. The Phase II Review included 25 recommendations for the Arctic, 17 recommendations for hazardous and noxious substances, and one recommendation applicable to both phases of their reviews. From these recommendations, 15 were explicitly addressed to DFO Canadian Hydrographic Services and CCG.

In July 2015, following the MV Marathassa Fuel spill event in English Bay, an independent review was conducted by Mr. John Butler, who previously served as an Assistant Commissioner for the CCG. A report including 25 recommendations was issued. The recommendations included in the report were deemed to improve the communications and operational protocols, standards, practices, actions, procedures, and directives that pertain to environmental response. The majority of the recommendations were addressed to the CCG.

The Minister's Mandate Letter issued in August 2016, indicated as part of its key priorities for the Department, the importance of protecting marine areas as well as monitoring contaminants and pollution in the oceans. This engagement will provide assurance to the Department that progress is being made in order to address these priorities. In addition, the audit will provide assurance to the Department that key program elements are in place and working as intended to support the delivery of the \$1.5 billion plan, which is aimed to protect Canada's coasts and waterways, and improve marine safety.

FOCUS TABLE 2015-20

New Projects to be Initiated in 2019-20

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
Internal Services	Staffing	Assurance	Audit Report	High	Leadership/Strategic Direction, Governance / Strategic Management, Management of Policy and Programs, Public Sector Values	Workforce Program Delivery	TBD	TBD	TBD	TBD
Background and Engagement Specific Risks										

In our current operating environment, there is a need to increase HR capacity quickly given new funding and the implementation of Government-wide initiatives. Hiring quality people in a timely fashion is integral to delivering high quality, timely outputs and results. While an Enablers' readiness office has been put in place to streamline and expedite classification of positions, staffing and onboarding of new staff, the 2018-2019 Corporate Risk Profile highlights the risk that the Department may not be able to attract and foster a diverse, skilled, high performing and engaged workforce which could impact the ability to deliver its programs.

While the Public Service Commission's Appointment Policy was revised in April 2016 and provides managers with flexibilities to address lengthy hiring processes and recruit specialized skills, challenges remain within the Department with regards to staffing.

In January 2017, the Public Service Commission initiated a System-Wide Staffing Audit. Fisheries and Oceans Canada was scoped into this audit. The objective is to obtain information on system-wide risks and issues in order to support ongoing improvements in the staffing system. This includes a review of a system-wide selection of appointments with a focus on core staffing requirements. The audit is currently in progression and is expected to be completed in 2018.

A readiness assessment on succession planning was conducted in 2014. The objective was to provide an advisory service to HRCS with regards to the current state of succession planning activities undertaken within DFO. The readiness assessment identified opportunities to strengthen certain key framework elements and the approaches to specific steps in the succession planning process.

In light of the above, we are proposing an audit to provide assurance that DFO has an appropriate framework in place to support its staffing activities, and assess whether adequate and/or effective controls and monitoring processes are in place to support the appointment process. The audit would consider findings stemming from the work currently being conducted by the PSC, as well as past audit work conducted by internal audit in this regard.

FISCAL YEAR 2019-20

New Projects to be Initiated in 2019-20

PAA	Engagement Title	Engagement Type	Deliverable	Priority Rating	MAF Elements	Corporate Risk Profile	Timeline	Resource Requirements		
								Internal Resources (# Person-Days)	Consultant Cost	Travel Cost
TBD	Placeholder - OPP Engagement	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD

Background and Engagement Specific Risks

The Minister's Mandate Letter issued in August 2016, indicated as part of its key priorities for the Department, the importance of protecting marine areas as well as monitoring contaminants and pollution in the oceans.

In 2017, the IAD conducted program and project level risk assessments for the Oceans Protection Plan (OPP). This approach was undertaken in collaboration with Transport Canada, and in consultation with Environment and Climate Change Canada and Natural Resources Canada. The objective was to identify potential collaborative audit projects to provide interdepartmental assurance on higher risk areas of mutual interest. Consequently, the Review of the OPP Program Level High Risk Areas was included for 2018-19 in the audit plan to address the OPP. The Internal Audit Directorate committed to include engagements related to the Oceans Protection Plan in its Audit Plan; therefore the IAD has created a placeholder in 2019-20. This engagement will be determined by the results of the Review of the OPP Program Level High Risk Areas and the Semi-Annual OPP Reporting Validation Exercise. This engagement will provide assurance to the Department that progress is being made in order to support the delivery of the \$1.5 billion national Oceans Protection Plan.

5.0 AUDIT RESOURCES

5.1 SUMMARY OF RESOURCE AVAILABILITY AND CAPACITY

In 2018-19, the Internal Audit Function will be delivered through 25 full-time equivalents (FTEs). The following table summarizes the planned resource utilization by activity:

Planned Resources Utilization for 2018-19	Full-Time Equivalent – Estimates *
Assurance and Consulting Engagements as per RBAP	16.5
Corporate Activities	1.0
Risk-Based Audit Plan	0.7
Quality Assurance and Improvement Program	0.7
External Liaison	1.5
Support to Departmental Audit Committee	0.4
Human Resources, Finances, Administrative and Support Services	2.1
Strategic Corporate Planning and Reporting	0.3
Branch Management	1.4
Data Analytics	0.4
Total	25.0

Resource capacity was determined taking into consideration the current staffing level and planned staffing actions. That being said, it should be noted that with the planned staffing actions, it is anticipated that the Internal Audit Function will eventually be delivered through 25 FTEs.

** The numbers presented are estimated.*

5.2 STATEMENT ON THE ADEQUACY OF RESOURCES

Planned Audit work for fiscal year 2018-19, summarizes the estimated internal resources, contractor and travel costs required for each audit in 2018-19.

The resource needs are adequately covered by the Internal Audit Directorate's full-time equivalents while allowance is made for management action plan follow-up activities, liaison with the Office of the Auditor General and other central agencies, support to the Departmental Audit Committee, quality assurance and improvement program, professional practices, administrative support, leave and training. Should the Internal Audit Directorate budget in future years remain comparable, it is expected that resources will be adequate for 2019-20.

In addition, the Internal Audit Directorate possesses the knowledge and competency required to carry out the audit engagements included in the Risk-Based Audit Plan. The majority of the Internal Audit Directorate staff possess a Certified Internal Auditor (CIA), Certified Government Auditing Professionals (CGAP) and/or Certification in Risk Management Assurance (CRMA). In addition, some employees have experience and received training in the use of Audit Command Language (ACL), a data analysis software. Several employees have accounting designations and some have a Certified Fraud Examiner (CFE) certification. Although the Internal Audit Directorate possesses a broad range of competencies, in the

case where a specific expertise is required and not available in-house, internal audit resources may be supplemented by external resources as required.

6.0 SUMMARY OF AUDIT COVERAGE

APPENDIX A - COVERAGE OF PROGRAM ALIGNMENT ARCHITECTURE

Appendix A summarizes audit coverage of the audit universe by Program Activity.

APPENDIX B - RECENT AND ONGOING EXTERNAL AUDITS

Appendix B summarizes recent and on-going external audits.

APPENDIX C - COVERAGE OF DEPARTMENTAL PRIORITIES

Appendix C summarizes audit coverage of the departmental priorities. Some audit engagements address more than one departmental priority.

APPENDIX D - COVERAGE BY AGENCY/SECTOR

Appendix D summarizes audit coverage by Sector/Agency.

7.0 APPROVALS

The Risk-Based Audit Plan was presented at the Departmental Audit Committee on March 22, 2018. The Plan was recommended for approval by the Departmental Audit Committee and approved by the Deputy Minister.

APPENDIX A – COVERAGE BY PROGRAM ALIGNMENT ARCHITECTURE

COVERAGE		PROGRAM ACTIVITIES
2018-2019		
Audit of IT Asset Management		Internal Services
Continuous Auditing		Information Technology
Audit of Firearms		Internal Services
Audit of Physical and Personnel Security		Internal Services
Review of OPP Program Level High Risk Areas		Environmental Response Services
		Marine Navigation
		Marine Communications and Traffic Services
		Maritime Security
Audit of Grants and Contributions		Financial Management
2019-2020		
Audit of Indigenous Programs		Aboriginal Strategies and Governance
Audit of the Incident Command System		Environmental Response Services
		Maritime Security
Audit of Classification		Internal Services
Audit on the use of Science in decision-making		All
Audit of the Environmental Response Program		Environmental Response Services
		Maritime Security
Audit of Staffing		Internal Services
Placeholder – OPP engagement		TBD

APPENDIX B – RECENT AND ONGOING EXTERNAL AUDITS

Audit of the Office of the Auditor General (OAG)/ Commissioner of the Environment and Sustainable Development (CESD)		Tabling
Audit Title		
CESD Performance Audit of Biodiversity Conservation		Spring 2018
CESD Performance Audit of Salmon Aquaculture		Spring 2018
CESD Performance Audit of Departmental Progress in Implementing Sustainable Development Strategies		Fall 2018
CESD Performance Audit of Protection of Marine Mammals from the Threats Posed by Marine Vessels and Commercial Fishing Activities		Fall 2018
OAG Performance Audit of Conservation of Federal Built Heritage		Fall 2018
CESD Performance Audit of Metal Mining Effluent Regulations		Spring 2019
CESD Performance Audit of Invasive Species		Spring 2019

APPENDIX C – COVERAGE OF DEPARTMENTAL PRIORITIES

Fisheries and Oceans Canada Priorities		Planned Audit Engagements 2018-2020
1. Improving fisheries and aquaculture management and outcomes, and enabling access to export markets for Canadian fish and seafood, through concrete reforms informed by sound science as well as stakeholder and Aboriginal engagement.		<ul style="list-style-type: none"> • Indigenous Programs • Use of science in decision-making
2. Renewing Canadian Coast Guard Assets and Service Delivery		<ul style="list-style-type: none"> • Environmental Response Program • Incident Command System • OPP Program Level High Risk Areas
3. Supporting sustainable resource development through sound science, policy and program changes, and modernized regulatory frameworks.		<ul style="list-style-type: none"> • Indigenous Programs • Use of science in decision-making • Firearms • OPP Program Level High Risk Areas
4. Advancing management and operational excellence to modernize and continue to improve the design and delivery of programs and services.		<ul style="list-style-type: none"> • Environmental Response Program • Incident Command System • Continuous Auditing • Staffing • Classification • Grants and Contributions • IT Asset Management • Physical and Personnel Security • OPP Program Level High Risk Areas

APPENDIX D – COVERAGE BY AGENCY/SECTOR

2018-2019	CCG	CFO	FHM	EOS	AE	HRCs	SP	DRU	TBD
Internal Engagements									
Audit of IT Asset Management						x			
Continuous Auditing		x							
Audit of Firearms			x			x			
Audit of Physical and Personnel Security						x			
Review of OPP Program Level High Risk Areas								x	
Audit of Grants and Contributions		x							
External Engagements									
CESD Performance Audit of Biodiversity Conservation				x	x		x		
CESD Performance Audit of Salmon Aquaculture			x	x	x				
CESD Performance Audit of Departmental Progress in Implementing Sustainable Development Strategies		x					x		
CESD Performance Audit of Protection of Marine Mammals from Threats Posed by Marine Vessels and Commercial Fishing Activities	x		x	x	x		x	x	
OAG Performance Audit of Conservation of Federal Built Heritage	x					x			
CESD Performance Audit of Metal Mining Effluent Regulations			x		x				
CESD Performance Audit of Invasive Species	x		x	x	x				
2019-2020									
Internal Engagements									
Audit of Indigenous Programs							x		
Audit of the Incident Command System	x								
Audit of Classification						x			
Audit on the use of Science in decision-making			x	x			x		
Audit of the Environmental Response Program	x								
Audit of Staffing						x			
Placeholder – OPP engagement									x
External Engagements									
TBD									